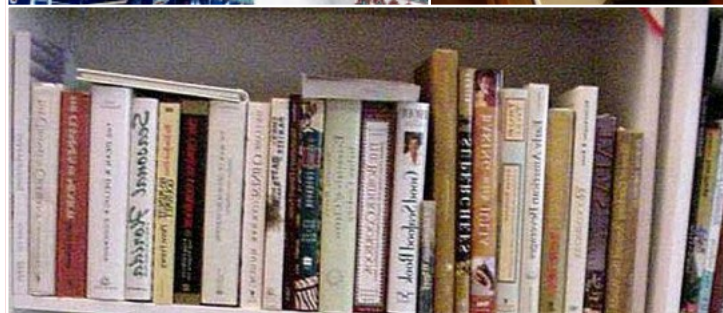


National Studies on Assessing the Economic Contribution of the Copyright-Based Industries



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The Economic Contribution of Copyright-Based Industries in Argentina

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Final Report

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List of Acronyms

AAI (<i>Asociación Argentina de Intérpretes</i>)	Argentine Performers Association
AFSCA (<i>Autoridad Federal de Servicios de Comunicación Audiovisual</i>)	Federal Authority for Audio-visual Communication Services
AMBA (<i>Región Metropolitana de Buenos Aires</i>)	Greater Buenos Aires and the City of Buenos Aires
Argentores (<i>Sociedad General de Autores de la Argentina</i>)	General Society of Authors of Argentina
CADRA (<i>Centro de Administración de Derechos Reprográficos</i>)	Administration Center of Reprographic Rights
CAL (<i>Cámara Argentina del Libro</i>)	Publishers Association of Argentina
CAP (<i>Cámara Argentina de Publicaciones</i>)	Argentine Chamber of Publishers
CAPIF (<i>Cámara Argentina de Productores de Fonogramas y Videogramas</i>)	Argentine Chamber of Phonogram and Videogram Producers
CAPIT (<i>Cámara Argentina de Productoras Independientes de Televisión</i>)	Argentine Chamber of Independent Television Producers
CEDEM (<i>Centro de Estudios para el Desarrollo Económico Metropolitano</i>)	Center for Economic Development Studies, City of Buenos Aires
CEP (<i>Centro de Estudios de la Producción</i>)	Center of Production Studies
CERLALC (<i>Centro Regional para el Fomento del Libro en América Latina y el Caribe</i>)	Regional Center for the Promotion of Books in Latin America and Caribbean
CESSI (<i>Cámara de Empresas de Software y Servicios Informáticos</i>)	Chamber of Software and IT Services Companies in Argentina
CICOMRA (<i>Cámara de Informática y Comunicaciones de la República Argentina</i>)	Chamber of IT and Communications in the Argentine Republic
CISAC (<i>Confederación Internacional de Sociedades de Autores y Compositores</i>)	International Confederation of Authors and Composers Societies
CNDC (<i>Comisión Nacional de Defensa de la Competencia</i>)	National Committee for the Defence of Competition
CONABIP (<i>Comisión Nacional de Bibliotecas Populares</i>)	National Commission for the Protection of Community Libraries
DAC (<i>Sociedad Directores Argentinos Cinematográficos</i>)	Argentine Film Directors Association
DEISICA (<i>Departamento de Estudio e Investigación del Sindicato de la Industria Cinematográfica Argentina</i>)	Department for the Study and Research of the Film Industry in Argentina
DGIC (<i>Dirección General de Industrias Creativas</i>)	General Department of Creative Industries
DNDA (<i>Dirección Nacional de Derecho de Autor</i>)	National Copyright Office
GCBA (<i>Gobierno de la Ciudad Autónoma de Buenos Aires</i>)	Government of the City of Buenos Aires
IFRRO (<i>Federación Internacional de Organizaciones de Derechos de Reproducción</i>)	International Federation of Reproduction Rights Organizations

INCAA (<i>Instituto Nacional de Cine y Artes Audiovisuales</i>)	National Institute for Film and Audio-visual Arts
INDEC (<i>Instituto Nacional de Estadísticas y Censos de la Argentina</i>)	National Institute for Statistics and Census in Argentina
ISBN (<i>Número Estándar Internacional de Libros</i>)	International Standard Book Number
ISIB (<i>Ingresos Brutos</i>)	Gross Income tax
OIC (<i>Observatorio de Industrias Culturales</i>)	Observatory of Creative Industries
PYME (<i>Pequeña y mediana empresas</i>)	Small and medium sized companies
SADAIC (<i>Sociedad Argentina de Autores y Compositores de Música</i>)	Argentine Society of Music Authors and Composers
SAGAI (<i>Sociedad Argentina de Gestión de Actores Intérpretes</i>)	Argentine Management Society of Actors and Performers
SAVA (<i>Sociedad de Artistas Visuales Argentinos</i>)	Argentine Association of Visual Artists
SGC (<i>Sociedades de Gestión Colectiva</i>)	Collective Management Organizations
SIInca (<i>Sistema de Información Cultural de la Argentina</i>)	Cultural Information System of Argentina

Executive Summary

Overview

Industries relating to copyright are generally able to both receive and apply the latest technology in the context of human capital-intensive activities, which makes them especially important for the long-term development of countries like Argentina. In this regard, and according to the findings of this study, these industries have proven to be capable of generating a significant contribution in terms of the value added, employment and foreign exchange earnings of the country in recent years.

To enhance the competitiveness and sustainability of such activities in the long term, a modern and strong institutional framework must be maintained and the specific mechanisms of economic development must be in line with the stage of development and challenges of each, taking into account that many of these are activities require risky investment. The construction of efficient and sustainable mechanisms for public-private cooperation would facilitate the economic and social advancement of an entire production network and should also generate information and indicators allowing the design and implementation of the public policies most appropriate to each case.

In particular, the present study focuses on this last point. This study follows the methodological guidelines of the 'WIPO Guide on Surveying the Economic Contribution of the Copyright-based Industries' (2003) and was conducted under the auspices of, and with funding from, WIPO, at the request of the Government of the Argentine Republic. This request was made in order to contribute to the implementation of public policies for the promotion of industries related to copyright by carrying out a study on their economic characteristics. The study would also increase public and political awareness about the relevance of the topic and the great potential of the sector for national development.

Legal and Institutional Framework

Argentina has an individual legal framework that, although dated in some respects, has been regularly updated to integrate the changes brought about by technological advances, the emergence of new formats and media, and the recognition of rights for other actors of the industry, among other innovations. Additionally, the Argentine regulatory system recognizes international agreements in this area, and the country has adhered to them as a result of its taking part in the relevant forums.

The degree of conflict identified is low, and cases brought to court are scarce. The usual practice for the exercise of these rights in the Argentine Republic has been the negotiation of out-of-court settlements between parties.

Although there is insufficient reliable information to allow an accurate assessment of the degree of piracy of products protected by copyright, the infringement level is generally high, while varying greatly between sectors and goods. Regarding piracy events, few cases have been brought to justice, which suggests that the number of prosecutions may not be a good indicator of the level of illegal activity and infringement in this sector

Collective management of copyright is widespread in Argentina, as it has always been considered to be an efficient means of reducing the costs arising from managing copyrights and other rights, including protection, monitoring and collection.

Methodology

To achieve the stated objectives, and fully in line with the methodology proposed by the WIPO Guide, we applied a specific classification of copyright-based industries (CBI) which identifies four types of industries:

1. **Core copyright industries:** These industries are wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works or other protected subject matter. They are classified in nine groups: a) press and literature, b) music, theatrical productions and operas, c) motion pictures and videos, d) radio and television,

e) photography, f) software and databases, g) visual and graphic arts, h) advertising services, i) copyright collective management societies.

2. **Interdependent copyright industries:** These industries are engaged in the production and sale of equipment whose function is, wholly or primarily, to facilitate the creation, production or use of works and other protected subject matter. Examples of these are: production and sale of televisions, radios, CD and DVD players, computers, musical instruments, etc.
3. **Partial copyright industries:** In these industries, a portion of the activity is related to works and other protected subject matter and may involve creation, production and manufacturing, performance, broadcast, communication and exhibition or distribution and sales. For instance: apparel, textiles, footwear, jewelry, furniture and toys.
4. **Non-dedicated support industries:** In these industries, a portion of the activity is related to facilitating the broadcast, communication, distribution or sales of works and other protected subject matter and activities not included in the core copyright industries. These industries include: general wholesale and retailing, general transportation and telephony and internet.

As regards the source of statistical information to estimate value added, employment and foreign trade, the key was the National Accounts System, with its concepts and definitions, but this study has also drawn from other official sources (National Census; Continuing Survey of Households, etc.), private sources (business chambers reports, balance sheets of companies and collecting societies, etc.), own estimates and expert opinion whenever necessary.

In order to reduce the risks of over-estimation, following the methodology set out in the Guide (WIPO, 2003), a copyright factor is assigned to the value added and generated employment, which represents the specific weight of activities protected by copyright in the partially dependent and the non-dedicated support industries. According to the WIPO Guide (2003), the CBIs of core or interdependent industries do not require any adjustment once the gross value added and employment has been estimated, given that they completely depend on copyright and fully contribute to it. On the other hand, the activities included in the groups of partially dependent and non-dedicated support industries have an impact on the total economic activity. However, in this study, and for strictly statistical reasons, because there was no access to the micro data of the economic census and it was necessary to use data published at a higher level of aggregation, it was also necessary to apply correction coefficients in some core and interdependent activities, because the grouping published by the census included activities which were not protected by copyright.

As a result of the above, this study is more conservative than studies from other countries which have also been carried out following the WIPO methodology, as can be seen in the results achieved.

Key Findings

Contribution to GDP

Results for Argentina indicate that CBIs contributed 3.5% of GDP for 2003 and they have increased their contribution to reach 4.7% in 2008, the last year of the present study. The core industries are the main component of CBIs: they represent 70% of the total (3.3% of Argentina's GDP in 2008).

CBIs make a greater contribution to GDP than sectors such as fishing, hotels and restaurants and personal services: they are equivalent to financial intermediation services.

The period considered in this study was a period of significant GDP growth (8% annually). In this context, CBIs' dynamism was even greater than that of the whole economy. In every year of the series, CBIs present growth rates which are greater than those of GDP. This behaviour can be explained by the importance that interdependent activities have acquired.

Among the core industries, one can see that those which make the greater contribution, in terms of value added, are the publishing and printing industries as a whole (approximately 25%), computing services (21%), and television broadcasting services (17% on average).

Among the interdependent copyright industries, the contribution of wholesale appliances, musical instruments and recorded music stands out. Most of these products are imported. With similar characteristics, sales of hardware are next in order of importance.

Architecture services, as in architectonic design projects and not the guidance of construction work, are the most important industry within the partially dependent industries. This industry has shown dynamic behavior during the period, increasing its contribution.

Finally, among the non-dedicated support industries, the industry with the highest contribution is trade followed by transportation.

Table 1: CBI levels and contribution to GDP at basic prices

CBI (Thousands Pesos)	2003	2004	2005	2006	2007	2008
Core	7,142,397	8,758,744	11,536,142	15,408,924	20,465,021	27,672,225
Interdependent	1,974,502	2,427,930	2,923,947	3,443,986	4,051,792	5,058,976
Partial	1,330,236	1,813,422	2,369,351	3,068,877	3,922,670	5,150,352
Support	808,344	932,695	1,086,392	1,274,488	1,559,065	1,914,790
TOTAL	11,255,479	13,932,791	17,915,832	23,196,275	29,998,548	39,796,342
CBI (% of GVA)	2003	2004	2005	2006	2007	2008
Core	2.2%	2.3%	2.6%	2.8%	3.1%	3.3%
Interdependent	0.6%	0.6%	0.7%	0.6%	0.6%	0.6%
Partial	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%
Support	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
TOTAL	3.5%	3.7%	4.0%	4.3%	4.5%	4.7%

Contribution to employment

CBIs present dynamism in the creation of employment, which is higher than the average of the economy. A similar behavior is found for production. While jobs in the whole economy increased by 27%, CBIs' jobs grew by 44% in the period covered in the study, the core industries being the most conspicuous with an increase of 48%.

CBIs increased their contribution from 2.7% of total jobs to 3% in 2008. Jobs in the core industries represent 66% of CBIs' jobs.

Table 2: Jobs by type of CBI (in thousands and %)

CBI	2003	2004	2005	2006	2007	2008
Core	243	278	302	313	335	361
Interdependent	46	49	51	54	56	60
Partial	57	62	66	72	75	81
Support	23	25	25	27	28	30
TOTAL	369	414	444	466	494	532
CBI	2003	2004	2005	2006	2007	2008
Core	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%
Interdependent	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Partial	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
Support	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
TOTAL	2.7%	2.8%	2.8%	2.8%	2.9%	3.0%

CBI's contribution to value added and employment

Among core CBI, the most notable contribution to value added and employment was from subgroup 1 (press and literature), followed by 6 (software and databases) and 4 (radio and television). The press and literature subgroup contributed 32.2% and 28% of the VA for the years 2003 and 2008 respectively. For the same periods, software contributed 25.6% and 30.7% and the radio and television subgroup 23.3% and 19.4%. As regards employment, press and literature totaled 28.5% and 26.9% in 2003 and 2008 respectively; software and databases 21% and 23%, and radio and television 13.1% and 13.8% respectively.

Within the interdependent CBIs the contribution of subgroup 1 (TV sets, radios, etc.) can be highlighted, as it contributed with 38.9% and 42.2% of the VA in 2003 and 2008 respectively. As regards employment, the subgroup contributed with 35.7% and 38% for the same years. Next in order of importance was subgroup 2 (computers and equipment) in terms of VA, but not in terms of employment where the second place was taken by subgroup 7 (paper).

As for partial CBIs, the contribution and behavior of subgroup 8 (architecture, engineering, surveying) stands out. This sector contributed 28% of value added in 2003 and increased to 39% in 2008. Employment also reflects this growth, going from 29% to 33% in the period.

Contribution to foreign trade

In contrast to the goods trade balance, the services balance is in surplus. Within services, the growth of computer and information services, advertising and audio-visual services stands out, considerably above their imports. Export services grew during the period (from beginning to end) by 417% while imports grew by 153%. Therefore we can conclude that Argentina is a net exporter of services related to the copyright-based industries.

CBI exports represent a small proportion of total exports, only 0.6%. The interdependent industries are the most important ones in terms of exports, participating on average with 55% to 59%. The most important industry in this type is paper manufacturing.

In the case of imports, CBI are around 6% to 8% of total imports, the most relevant being those of the interdependent industries with a contribution of 90% to total CBI imports, basically made up of imports of computers and computing equipment.

Sectoral and market aspects

For a summary description of some industries related to copyright and based on available information, the areas selected are the book industry, phonograms, films, software, radio and television.

The study shows that, in general, those industries operate under competitive conditions because they concern activities that are based on ongoing creative process, unpredictable, and without significant barriers to entry, even dealing with mature markets.

Additionally, these sectors face technological innovations that have an impact on their production and distribution process, bringing more competition into the markets and creating new business opportunities (electronic books, phonogram digital distribution, demand for services associated with information technologies, etc.). These innovations drive forward the sectors' economic activity and promote new jobs, which in general require qualified skills or non-traditional ones (for example, software or visual arts).

The dynamics of these markets have been affected by the macroeconomic dynamic described above, levered by sectoral policies that strongly stimulate the activity of some of them, such as films and software. In the cases of radio and television, there have been changes in the regulatory framework since the approval of a new law; although it is not yet fully evident, it is expected to have an impact on them.

General conclusions of the study

The CBIs have performed better than the average of Argentina's economy and the result of the survey is to highlight their ability to generate value added and employment and their contribution to the generation of foreign exchange.

The high receptivity of these industries to technological change, coupled with their engagement of human capital, makes them competitive and important sectors with respect to the generation of a pattern of long-term growth, social inclusion and international integration for Argentina.

The competitiveness and growth of CBIs' contribution to the national economy depend on several factors, such as: factor endowments, primarily human capital; entrepreneurship capabilities of businessmen; regulatory frameworks; and mechanisms and activities promoting a proper climate for risk investment in a sector characterized by an increasing degree of internationalization. Therefore, although the copyright-based sector has the basic conditions for growth, it requires an adequate and sustainable complementarity between the public and private sectors in order to realize its potential and maintain its increasing contribution to value added, employment and foreign exchange.

The observed importance and potential of the CBI sector in Argentina leads to the recommendation that the country should operate by itself, or as a result of international agreements, all the procedures necessary to supply detailed, reliable and updated statistics. The availability of such statistics would enable quantitative investigations relating to these industries and the ongoing monitoring of their dynamics over time, and consequently facilitate the design and implementation of appropriate public policies for the economic and social development of the country.

INTRODUCTION

Industries related to copyright and related rights have considerable impact on a country's economy. For this reason, many countries have initiated studies seeking to estimate the contribution of these industries to the Gross Domestic Product (GDP), employment and foreign trade.

In 2003, the World Intellectual Property Organization (WIPO) published the 'WIPO Guide on Surveying the Economic Contribution of the Copyright-based Industries, to provide an appropriate methodology for estimating the contribution of these industries to an economy and allowing comparative analysis worldwide.

This study follows the methodological guidelines of that Guide and was conducted under the auspices of and with funding from WIPO following a request from the government of the Argentine Republic. The request was made in order to contribute to the implementation of public policies for the promotion of copyright-based industries with a study that would provide fundamental economic evidence and, thus, increase awareness and public policy relevance of the topic and of the great potential of the sector for national development.

The objectives of the study are:

- (a) To quantify the economic contribution of copyright-related industries by estimating their value added in terms of GDP, share of employment and foreign trade
- (b) To analyze a set of key copyright-related industries, their institutional framework, their structure and the support received from other sectors, including the role of collecting societies, and other significant issues for understanding their operation and immediate perspective.
- (c) To conduct a comparative analysis of the main results achieved by comparable studies conducted in other countries.
- (d) To propose recommendations and sectoral public policies that can promote the growth and development of this economic sector

To achieve these objectives, and in full accordance with the Guide, we applied a specific classification of copyright-related industries which identifies four types of industry: i) primarily dependent copyright (core industries) ii) interdependent industries, iii) partially dependent copyright industries, and iv) non-dedicated supporting industries.

As regards sources of statistical information for estimates of value added, employment and foreign trade, the key source was the National Accounts System, with its concepts and definitions, although other official sources (National Census, Household Survey, etc.) have been used, as well as private sources (business chambers reports, balance sheets of companies and collecting societies, etc.) and own estimates and expert opinion whenever necessary.

The study was conducted between May 2012 and June 2013 under the supervision of the International Bureau of WIPO, and in particular, the Section of Creative Industries, Cultural and Creative Industries Sector, and the Copyright Office of Argentina under the Ministry of Justice.

In terms of its structure, the study includes a first chapter which examines the legal and institutional framework for copyright in Argentina. The following chapter shows the main results of previous studies on these industries, as well as the differences between the methodologies applied in those cases and the present study.

The third chapter explains the methodological aspects related to the estimate of added value, employment and foreign trade applied in the study. This study offers new features, besides the copyright factors applied to partially dependent and non-dedicated support industries, incorporating statistical correction coefficients for some interdependent industries. It also makes a correction for the non-observed economy, given the high degree of informality of some activities in the country and the under-reporting to the tax authority of some firms.

In subsequent chapters (4 to 6), the results of estimation of CBIs' value added, employment and foreign trade are presented.

Results for Argentina indicate that CBIs contributed 3.5% of GDP for 2003 and that they increased their participation to reach 4.7% in 2008, the last year of the present study. The core industries are the main component of CBIs: they represent 70% of the total (3.3% of Argentina's GDP in 2008).

The period considered in this study is one of significant GDP growth because there was an important recovery of the Argentinian economy at the time. It followed the deep economic crisis which began in mid-1998 with the Brazilian devaluation and the Russian crisis, and which ended up as the worst economic and social crisis suffered by the country since 1930. In this context, GDP grew at an annual accumulated rate of 8%. CBIs' dynamism was even greater than that of the whole economy. In every year of the series, CBIs present growth rates that are greater than those of GDP. This behaviour can be explained by the importance that interdependent activities have acquired.

In relation to employment generated by CBIs, growth is also significant. While jobs in the whole economy increased by 27% in the period under study, CBIs' employment grew by 44%, the core industries being the ones which stood out with an increase of 48%.

CBIs contributed 2.7% of employment in 2003, while in 2008 the contribution was 3%. Core industries were the ones with the greater participation, representing 66% of total employment in CBIs.

For a more comprehensive and synthetic vision, the study will emphasize the contribution to the value added and the employment of each subsector in each type of industry.

Among core CBIs, the most notable contribution to value added and employment was that of subgroup 1 (press and literature), followed by 6 (software and databases) and 4 (radio and television). The press and literature subgroup contributed 32.2% and 28% of the va for the years 2003 and 2008 respectively. For the same periods, software contributed 25.6% and 30.7% and the radio and television subgroup 23.3% and 19.4%. As regards employment, press and literature totaled 28.5% and 26.9% in 2003 and 2008 respectively; software and databases 21% and 23%, and radio and television 13.1% and 13.8% respectively.

Within the interdependent CBIs, the highlight was the contribution of subgroup 1 (TV sets, radios, etc.) which provided 38.9% and 42.2% of the VA 2003 and 2008 respectively. As regards employment, the subgroup contributed 35.7% and 38% for the same years. Next in order of importance was subgroup 2 (computers and equipment) in terms of VA, but not in terms of employment where the second place was taken by subgroup 7 (paper).

As for partial CBIs, the outstanding contribution was that of subgroup 8 (architecture, engineering, surveying). This sector contributed 28% of value added in 2003, increasing to 39% in 2008. Employment also reflected this growth, expanding from 29% to 33% in the period.

In relation to foreign trade, though the goods trade balance of CBIs presents a deficit, one must highlight the growth of services exports. The growth of exports of computing and information services, as well as advertising and audiovisual services, stands out. These sectors' exports are considerably higher than their imports. Services exports grew from beginning to end of the period by 417%, while imports grew by 153%. Likewise, over the whole period, Argentina was a net exporter of services related to CBIs.

These chapters also present a comparative analysis of the national economy by ISIC Tabulation Category. CBIs have greater contribution to GDP than sectors such as fishing, hotels and restaurants and personal services. Their contribution is equivalent to that of financial intermediation services.

Chapter 7 compares the contribution of CBIs to GDP and employment in Argentina with that of other countries where similar studies have been carried out. Argentina is in the group of countries with high labor productivity in the CBIs; this is reasonable given the relative indicators of value added and employment.

Even though the WIPO methodology has been used in this study, the statistical treatment applied in this document has been carried out with more precision (for instance, the use of statistical correction coefficients for the core and interdependent activities) than the ones used in other country studies, in an attempt to

measure specifically the weight of those activities directly protected by copyright. This results in a conservative estimation of the participation of CBI in GDP and employment.

Chapter 8 is a brief summary of the main features of selected industries or sectors related to copyright: books, music, films, software, radio, television and collecting societies.

The final chapter offers conclusions and recommendations. The high receptivity of these industries to technological change, coupled with their engagement of human capital, makes them competitive and important sectors with respect to the generation of a pattern of long-term growth, social inclusion and international integration for Argentina.

The aforementioned competitiveness and growth of CBIs' contribution to the national economy depend on several factors, such as: factor endowments, primarily human capital; entrepreneurship capabilities of businessmen; regulatory frameworks; mechanisms and activities promoting a proper climate for risk investments in a sector characterized by an increasing degree of internationalization. Therefore, although the CBI sector is basically in a good position for growth, it requires an adequate and sustainable complementarity between the public and private sectors in order to realize its potential and maintain its increasing contribution to value added, employment and foreign exchange.

The observed importance and potential of the CBIs in Argentina leads to the recommendation that the country should implement the procedures necessary to provide detailed, reliable and updated statistics. The availability of such statistics would enable quantitative investigations relating to these industries and the ongoing monitoring of their dynamics over time and consequently facilitate the design and implementation of appropriate public policies for the economic and social development of the country.

The study also includes supplementary information in several Annexes: a list of the people interviewed (Annex 1); the detail of the Argentine legal framework (Annex 2); the list of industries protected by copyright for Argentina according to ISIC used in the CNE (Annex 3); Argentine exports by category, in millions of US dollars, between 2003 and 2008 (Annex 4); and the Strategic Plan 2020 of the software industry (Annex 5).

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1. BACKGROUND OF THE LEGAL AND INSTITUTIONAL FRAMEWORK OF COPYRIGHT IN ARGENTINA¹

Copyright comprises the intellectual property rights that protect authors and can be defined as a set of rules governing the moral and patrimonial rights of authors and other owners over the scientific, literary and artistic productions defined by law which are the result of their creative and physical activity.

In the same way as the Universal Declaration of Human Rights did in 1948, the Argentine Constitution highlights copyright as a human right, requiring protection as an essential dimension of persons, an aspect covered by the national legislation to the present day.

The Constitution of the Argentine Nation protects the rights of intellectual property, including the copyright in the second part of section 17, by which these rights have a constitutional status, similar to other property rights also covered in this section.

It also distinguishes between copyright and rights related to industrial property, which include patents, trademarks and trade names, and industrial designs. Copyright includes all writings; dramatic works; musical compositions; drawings, paintings and sculptures; printed materials, plans and maps; portrait photographs and letters; software and databases; phonograms; videogames; multimedia works and websites.

Copyright in Argentina is based on the concept of 'originality', while the concepts of 'novelty' and 'distinctiveness' apply to patent rights and trademarks, respectively. Also, unlike the laws in other countries, software (computer programs) is covered by authors' rights and not by patent rights. Other key elements of these rights in the country is that they protect the work but not the idea (confirmed by Act 25,036 of 1998, section 1); this protection lasts for the life of the author, and for 70 years after the author's death for beneficiaries with an international reach. Finally, as already mentioned, unlike copyright in other countries, it encompasses both moral and economic rights of authors. While the latter have a limited duration, the former are of unlimited duration.

Copyright Act No. 11,723 of 1933 (which replaced Act No. 7092 of 1910, the first legal text of protection), is the current basic legal framework of Argentina, and is fully consistent with section 2312 of the Civil Code on the recognition of the intangible goods and assets of a person. Decree 41,333 (1934) established regulations under Act 11,723, which was also amended and updated by successive laws and other regulations that gave it a long life.

The constitutional reform of 1994 also states that international treaties signed and ratified by an act of Congress enjoy constitutional status, thus taking precedence over national laws. Argentina has approved in Congress several international treaties: the Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971), by Act No. 25,140; the Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, or Rome Convention, by Act No. 23,921; the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), by Act No. 24,425; and the 1996 Treaties of the World Intellectual Property Organization (WIPO), known as the internet Treaties, by Act No. 25,140. The accession to international treaties and conventions by national legislation of the Argentine Republic also meant the reform of existing legislation, including Act No. 11,723 and its amendments and regulations in force at the date of each accession.

In addition to the above on the international agreements as part of national legislation, one of the last amendments to Act No. 11,723 is Act No. 23,741 of 1989, which modified the concept of 'phonographic discs' to 'phonograms', and Act No. 25,036 of 1998, known as the 'Software Act', which added this dimension of intellectual expression to the protection of authors' rights.

In short, Argentina has an individual legal framework that, although old, has been regularly updated to integrate changes produced by technological advances, the emergence of new formats and media and the

¹ In this section we follow Fernández Delpech (2011), Lipszyc (1993), the notes of interviews included in Annex 1, legislation included in Annex 2, and the website of the Directorate General of Copyright of the National Ministry of Justice (<<http://www.jus.gob.ar/derecho-de-autor.aspx>>; accessed 1 May 2013).

recognition of rights for other actors of the industry, among other innovations. Additionally, the Argentine regulatory system recognizes international agreements in this area, and the country has adhered to many such agreements.

1.1 Institutional aspects of copyright protection

1.1.1 Registration and deposit of Act No. 11,723

Although the Argentine Republic acceded to the Berne Convention, stipulating no formalities or administrative proceedings for the protection of works, Act No. 11,723, ss. 57-64 sets out the procedure (as in other countries) for registration and deposit of works in order to establish rights on national published works. For foreign works, it is required that the author has fulfilled the formalities of the laws of the country of origin of the publication (principle of reciprocity). An unpublished work can be registered and deposited as such, which confers presumption of authorship in case of dispute. The obligation of registration and deposit of national published works rests on the publisher; this was regulated by Decree No. 16,697/59.

It is clear that the regulation appears to discriminate in favor of foreign published work, which does not need this step, and, in the light of international recommendations, it is somewhat anachronistic, despite the convenience that such registration and deposit may provide in a court dispute.

It should be made clear that these registry issues relate only to the economic rights of nationally published works, not including the moral right on those works, which arise from the author's creative act and are not subject to any administrative legal requirement.

Act No. 11,723 ss. 57-64 and Decree No. 41,233/34 regulate the aforementioned registration and deposit of works, which are made at the National Register of Intellectual Property and maintained by the National Directorate of Copyright (DNDA, Dirección Nacional del Derecho de Autor), an agency under the National Ministry of Justice. The registration and deposit regulations have been updated to the present day by successive amendments. As a result of an agreement between the national government and the Chamber of Software and Services Companies (CESSI), the latter became a DNDA cooperator agency for the purpose of delivery of the relevant forms, with the registration of such products by the National Directorate.

According to current regulations, the DNDA registers the following unpublished or published works: films, musical compositions, compilations, choreography, drawings, writings (books, brochures, etc.), sculptures, phonograms, photographs, maps, multimedia, architectural works, dramatic works, pantomimes, paintings, plans, radio programs, television programs, periodicals, software, videograms. Also, the Directorate registers the contracts dealing with these works.

According to the DNDA, the benefits of its registration systems are the following:²

- Certainty: the registered work acquires, by the administrative act that accepts it, the certainty of its existence on a certain date, of its title, author, translator and content. In the case of a contract, certainty of date, content and contracting parties.
- Proof of authorship: provides a presumption of authorship granted by the State, with a certified date of registration.
- Basis for comparison: the register is a basis for comparison in alleged plagiarism and piracy. In this case, the deposited copy is submitted to the judiciary for assessment.
- Protection of bona fide user: the author of the work is presumed to be the one who appears as such in the certificate of registration, in the absence of proof to the contrary. The editors or producers who published works according to the documents held by this Directorate General would be exempt from criminal liability in the event that the real authors appeared and claimed their rights.

² Although we point out that DNDA records are extremely useful, as not all owners use the Register and behaviour differs among sectors, they are not a good proxy for studying the evolution of activity in copyright-protected sectors or of other variables that are examined in this report.

- Publicity of the registered works and contracts: the main function of a register is to make its contents public. The information benefits all those interested in supporting their rights against third parties and those looking to ensure viability and legitimacy in procurement.

1.1.2 *Collective management of copyright*

Collective management of copyright is widespread in Argentina because it allows cost reductions in the management of the rights of authors and other rights owners.

Although the 1933 Act made no provision for it, in 1936 the first collecting society (CS) was organized, the Argentine Society of Music Authors and Composers (SADAIC, Sociedad Argentina de Autores y Compositores de Música). Its purpose was to collect copyright from the public reproduction of musical works included in its repertoire. This CS was granted legal recognition by Act No. 17,648 (Regulatory Decree No. 5146/69) as a private, cultural non-profit association, with exclusive management rights of creators of music, both national and foreign.

In the case of literary and dramatic authors (writers, screenwriters, scriptwriters for radio and television, etc.), the collection of rights is managed by the General Society of Authors of Argentina (Argentores, Sociedad General de Autores de la Argentina) created by Act No. 20,115 in 1973.

By Decree No. 1771/74, the Argentine Association of Performers (AADI, Asociación Argentina de Intérpretes) manages the representation of musical performers, while the Argentine Chamber of Phonogram and Videogram Producers (CAPIF, Cámara Argentina de Productores de Fonogramas y Videogramas) carries out a similar function regarding phonogram producers. In 1975, a single collecting body was established for both of them: the AADI-CAPIF (Decrees No. 1670 and No. 1671/74).

The Society of Argentine Visual Artists (SAVA, Sociedad de Artistas Visuales Argentinos) is the CS responsible for the collective management of authors' rights on visual works (photographers, painters, sculptors, cartoonists, etc.).

For its part, the Center for Reproduction Rights Management (CADRA, Centro de Administración de Derechos Reprográficos) is a non-profit association focused on the defence of copyright against the phenomenon of reprography and collects fees for that activity, representing authors and publishers of books and periodicals. This CS does not have exclusivity in the management of these rights, but in fact is the only institution acting in the matter.

Finally, in the audio-visual industry, the purpose of the Argentine Society for Management of Performing Actors (SAGAI, Sociedad Argentina de Gestión de Actores Intérpretes), established by Decree 1914/2006, is the management of intellectual property rights of artists in this industry (actors, dancers, voice actors). Argentine Film Directors (DAC, Directores Argentinos Cinematográficos) is a CS set up in 1958, but it was not until 1999 when, by Decree No. 124/09, it was recognized as the only representative body for collection and distribution of copyright of national and foreign directors of films and audio-visual works throughout the territory of the Argentine Republic.³

1.2 Copyright in the courts of law

While copyright owners can bring legal actions before an ordinary (province) or federal court for actions deemed to be a violation of their economic and moral rights, the fact is that the identified degree of conflict is relatively low, and very few cases are brought to court.

The Argentine Republic does not have specific subject matter courts, nor an administrative court for conflict resolution between parties.⁴ Ordinary civil and commercial courts and ordinary correctional courts have jurisdiction over this subject matter.

The usual practice for the exercise of these rights in the Argentine Republic has been basically the negotiation of out-of-court settlements between parties. As with other intellectual property rights, the existence of

³ For further aspects on CSs, see Chapter 8.

⁴ As already mentioned, existing legislation does not assign this kind of functions to the Directorate General of Copyright.

disputes in the courts has generated case law in cases where legislation was not sufficiently clear to solve disputes between the parties without an independent third party, and in the few cases in which the out-of-court settlements failed and the transaction costs for the involved agents were economically convenient.

With regard to piracy, on the one hand, the fact that few cases have been brought to justice indicates that number of prosecutions is not a good basis for studying the level of illegal activity and infringement in this sector. On the other hand, there are no official statistics, nor are they sufficiently reliable, to enable a relatively accurate analysis of the degree of copyright piracy, although the interviews, the indirect sources and partial studies suggest that the infringement level is generally high, while it varies greatly between sectors.

2. BACKGROUND ON STUDIES ABOUT ACTIVITIES PROTECTED BY COPYRIGHT IN ARGENTINA

This section specifies the objectives, methodology and results of previous studies on the economic importance of activities protected by copyright in Argentina. It is worth mentioning that the methodologies used in the previous studies differ from the method applied in this research. However, regardless of the methodological issues, they are given as valid background for the ongoing research.

Previous works identified that addressed this issue in Argentina were:

1. Study on the Economic Importance of Industries and Activities Protected by Copyright and Related Rights in the Mercosur Countries and Chile (WIPO – UN Campinhas, 2001)
2. Cuenta Satélite de Cultura en la Argentina. Aspectos metodológicos para su construcción [Cultural Satellite Account in Argentina. Methodological aspects for its elaboration] (National Secretariat of Culture and National Statistics and Census Institute [INDEC], 2012).

The following is a summary of the results of these works and their methodological considerations.

2.1 Study on the Economic Importance of Industries and Activities Protected by Copyright and Related Rights in the Mercosur Countries and Chile (WIPO – UN Campinhas)

2.1.1 Introduction

The main objective of this study is to outline and assess from an economic perspective the major copyright-related economic sectors and activities in the Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay) and Chile.

To that purpose, the share of such activities in the Gross Domestic Product (GDP) of these countries was calculated, taking as a basis the estimated value added of the economic activities of certain selected industries, the number of persons involved (jobs created) and these industries' foreign trade. Aspects concerning the market structure applying to those industries deemed to be key industries in the Mercosur and Chile were also examined. Also, and at the institutional level, the major institutions responsible for protecting and administering copyright regulations were identified and examined, together with the relevant legislation in the countries.

2.1.2 Methodology

This study is based on the methodology used by Siwek and Mosteller (1999), which was adapted by Carvalho (2000) for the purposes of this study.⁵

Specifically, the sectors were identified at the most disaggregated level (four digits), enabling for assessment based on the data available for each country and the way in which they were collected. This guaranteed a minimum level of consistency in the data, while it allowed more flexibility as regards available sources of data, such as economic censuses, annual sector performance studies (industry, trade, services) and foreign trade databases for countries in the region.

In order to classify copyright-related economic activities, this study distinguishes four groups, namely:

⁵ In Carvalho's Technical Methodology Note (2000), a link was established between the proposal of Siwek & Mosteller (1999) and the National Classification of Economic Activities (CNAE) of the Brazilian Institute for Geography and Statistics (IBGE, 1997), which adopted all the United Nations recommendations and the classification of the 'International Standard Industrial Classification (ISIC), third revision (Rev.3), put forward by the United Nations as a harmonisation tool in the compilation and dissemination of economic statistics at the international level' (IBGE, 1997:8). The advantage of this system is that it allows the previous classification system to be converted, using conversion tables. It should be noted, however, that this system approaches economic activity from the perspective of value added through the production of goods and services.

- **The first group** (*core*) is the essence of copyright industries. These are activities that create products or works primarily protected by copyright. The major branches and products are: newspapers and magazines, publishing of books and related industries, radio and television, cable television, discs and tapes, plays, advertising, computer programs (software) and data processing. For each of the activities, the relationship may vary: some are more closely related to the creation, production and dissemination of new protected material (e.g. phonographic and publishing industries), whereas others concern the creation of protected material and its application (e.g. production of software and industrial or commercial use).
- **The second group** comprises industries partly covered by copyright. It encompasses a broad range of activities such as manufacturing, business practices, architecture and design, *inter alia*.
- **The third group** concerns distribution. This covers the transport of goods, bookshops, record stores and other forms of wholesale or retail distribution of products protected by copyright.
- **The fourth group** can be called copyright-based support industries. It comprises production and technical assistance involving equipment used solely with copyright-protected material. This category includes, for example, computers, radio and television equipment, and other listening or recording equipment.

The economic variables or indicators used to measure economic importance were:

- Share of GDP
- Employment
- Foreign trade

The share of GDP was calculated on the basis of estimates of value added for each category of activity identified under the headings proposed by Carvalho (2000). For the number of people employed, the sources of information might vary according to the availability of data in each country: some studies used different sources such as censuses or sectoral performance studies. Nevertheless, the use of identical sources when estimating value added and numbers employed becomes an essential factor in avoiding inconsistencies caused by using different data collection methods. Foreign trade was assessed in terms of the share of each category, as selected and classified for the data on GDP and numbers employed.

2.1.3 Results regarding Argentina

2.1.3.1 Contribution to Gross Domestic Product

In Argentina, the total value added generated by industries protected by copyright and related rights amounted to ARS 11,257 million in 1993. Distribution activities accounted for the largest share (62%). The core industries followed, with a share of 25%. Partly-related industries provided 9% of the value added and, lastly, related industries represented 3% of total value added

The share of the distribution subsector was over-estimated because the activities covered in the census were not broken down.⁶ If telephone communications services, etc., and the activities of business, professional and other organizations are excluded from the distribution sector, industries protected by copyright and related rights generated a GVA of around ARS 7 billion and the core industries represented some 40% of this GVA, equal to the distribution subsector. Partly-related industries generated some 15% and related industries around 5%.

It is interesting to analyze the contribution to GVA for the categories in each subsector. The most important activities in the core industries were: the publication of newspapers, magazines and periodicals (24.8%), followed by radio and television activities (18.3%), advertising (13.5%) and the so-called data processing and related activities sector (12.3%). At the same time, more traditional cultural activities made a much smaller

⁶For certain branches of activity such as 'telephone, telegraph and telex communications services' and 'activities of business, professional, trade union, religious, political and other organizations', for example, it was not possible to distinguish the share of the headings corresponding to the distribution of copyright-protected material from other types of activity.

contribution to the GVA of this subsector, accounting for a total figure of less than 20%⁷ with a share in the economy's GDP of less than 0.3%.

In copyright-based industries, around 70% of the value added was provided by the manufacture of radio and television sets, sound and video recording and reproduction equipment, and related products. The manufacture of office, accounting and data processing equipment provided 20% of the GVA in this subsector and the manufacture of optical instruments and photographic equipment accounted for around 9%.

Lastly, in the partly-related industries, printing accounted for over 50% of the value added.

2.1.3.2 Contribution to Employment

The share of industries protected by copyright and related rights in employment had increased substantially, from 2.4% in 1985 to 5.3% in 1994.⁸ This increase was mainly due to the distribution subsector, which increased its share of employment fivefold, whereas the core industries remained virtually at the same level, as did the other subsectors.⁹

If the two distribution subsectors responsible for the over-valuation of the share of copyright industries are excluded, the size of the increase in the share of industries protected by copyright and related rights in total economic employment between 1985 and 1994 is significantly modified, from 2.4% to 3.5%. It can therefore be stated that these industries contributed more than the average economic sector to the generation of jobs during the period under review.

In 1994, of the 508,000 jobs in industries protected by copyright and related rights, over 65% were in the distribution subsector; the core industries, on the other hand, accounted for 23% of jobs and partly-related industries for 10%. Related industries barely reached the figure of 2%. If telephone communications services, etc., and the activities of business and political organizations are excluded, the distribution sector's share was 45% of the jobs generated by industries protected by copyright and related rights, and the figure for core industries was 35%. The distribution subsector showed relatively higher growth than the core industries between 1985 and 1994.

In the distribution subsector, in 1994 over 70% of the jobs were generated by three categories: activities of business, professional, trade union, religious, political and other organizations (42%), telephone, telegraph and telex communications services (11.1%), and retail sale of equipment, articles, furniture and household appliances (17.4%). Even if the categories that led to an over-estimation of these industries' share of the economy are excluded, the relative share of retail sale of books, reviews, newspapers, etc. still showed a noticeable decrease, from 50 to 27%.

In related industries, the manufacture of radio and television sets, sound and video recording and reproduction equipment and related products accounted for over 61% of the jobs in this subsector in 1994. Lastly, in 1985 and 1994, in the partly-related industries, around 90% of the jobs in this subsector were in printing and binding activities, technical and architectural services.

2.1.3.3 Contribution to Foreign Trade

The analysis of the trend in foreign trade for industries protected by copyright and related rights during the period 1995-1999 covers goods produced by the core industries and related industries.

Firstly, industries protected by copyright and related rights had a negative impact on the trade balance in both goods and real services, with the latter's trade deficit doubling between 1995 and 1999.

⁷ This subgroup includes, for example, activities such as the publishing of books, pamphlets, scores and other publications (3.7% of the GVA of the core industries), production and distribution of films and video tapes (3.3%), musical and theatrical activities (2.1%) and publication of recordings (1.5%).

⁸ For employment, information is also available for 1985, although it concerns the total number of persons employed.

⁹ There are two reasons for the increase in the distribution subsector's share. Firstly, the 1985 census did not include telecommunications services. Secondly, there is no breakdown of the figures in the category 'activities of business, professional, trade union, religious, political and other organizations'.

In the services sector, a large part of the deficit was due to personal, cultural and leisure services. The negative balance in royalties doubled during this period, mainly due to payments going abroad, which rose from USD 25 million in 1995 to USD 52 million in 1999.

Secondly, Argentina had a marked deficit in all categories of the royalties account. The majority of the royalties debit was due to technical assistance licenses. Throughout the 1990s, the payment of royalties abroad for music rights and licenses for audio-visual works rose sharply, whereas payments for other licenses remained relatively stable. In the case of copyright, the majority of the deficit was caused by payment for foreign music, which considerably exceeded the amount of royalties received by local musicians. In the same way, royalties for music were responsible for a larger number of transactions than those for books and publications, which showed a more stable balance. Also, the amount received for video and film licenses was minimal compared to the increasing outflow of royalties under this heading.

Concerning foreign trade in goods, industries protected by copyright and related rights generated a trade deficit during the period under review, amounting to an average of almost USD 2 billion per year. Although the Argentine economy also showed a deficit, it was much smaller, an average of around USD 390 million per year (FOB prices), one-fifth of the average deficit generated annually by the cultural industries. These industries were therefore responsible for a greater share of the country's trade deficit than other sectors.

The core industries accounted for around 66% of the total exports of industries protected by copyright and related rights, and approximately 14% of imports, but in any case they recorded a deficit. Related industries, however, showed a much larger deficit – over USD 1,800 million against USD 175 million for the core industries. The share of these industries in Argentina's total exports was 1%, but their share of imports on average amounted to 9% during the period under review.

2.2 Cultural Satellite Account in Argentina

2.2.1 Methodology

Satellite Accounts (SA) represent the link between the central framework of the National Accounts and the information system of each specific sector under review. The methodology used allows drawing up a list of strictly cultural products and activities, considering those goods and services whose essence is to 'create, express, interpret, preserve and transmit symbolic content' (NAS, 1999). In turn, although different phases or stages are considered according to the creation of symbolic content, their expression and interpretation, and the production of goods or services that communicate them, the goods and services or activities considered in each of them must have as their end and essence 'to generate symbolic processing'.

The first economic measurements of culture in Argentina¹⁰ were based on the estimation of GVA and employment generated by some industries considered, *a priori*, as cultural. This selection was not made as a result of the determination of typically cultural products, but on the assumption that they were the main product of those activities. The information gathered goes from the activities to the products, contrary to the path recommended by the adopted methodology handbook, WIPO (2003). This process is explained in detail in the next section.

In a second stage, measurements followed the guidelines proposed by the Andrés Bello Convention, according to which activities are determined by products. This was achieved after reconciling the methodology used and the information available from the National Directorate of National Accounts (DNCN, Dirección Nacional de Cuentas Nacionales). Firstly, cultural goods and services were defined, which then led to obtaining information about cultural foreign trade, domestic supply, and intermediate and final demands in the relevant industries.

¹⁰In 2006, the National Secretariat of Culture began a process of compilation of statistical information about culture, which derived from a clear need of an information system able to measure the economic impact of culture. This led to the development of a Cultural Satellite Account (CSA), structured around concepts, definitions, classifications and accounting rules of the System of National Accounts (SNA), which gives acceptance and reliability as they are used by most countries to measure their economies. The first provisional results were obtained in late 2008.

2.2.2 Measurements

Cultural gross value added (GVA)

To estimate the GVA, data available from the INDEC was used for the calculation of Gross Domestic Product (GDP) at market value (mv). Production values (GPV) and intermediate consumption (IC) data were compiled on selected industries, and the value added was determined by cultural activity as the difference between the aforementioned variables.

Table 3: Estimated GVA in the Cultural Satellite Account

Cultural gross value added at current prices for producers, in thousands of pesos. Years 2004-2011								
Annual values (thousands of de pesos, at current prices)								
Year	2004	2005	2006	2007	2008	2009	2010	2011
Gross production value at constant prices for producers (GPV pp)	19,143,043	25,370,861	33,658,406	42,842,513	57,340,564	66,765,207	80,881,935	99,419,351
Cultural intermediate consumption at purchaser price (ICpp)	10,380,181	13,363,210	17,327,280	21,221,806	27,703,478	30,886,067	36,765,904	42,470,706
Cultural gross value added at producer prices (GVA pp)	8,762,862	12,007,651	16,331,1236	21,620,707	29,637,086	35,879,141	44,116,031	56,678,645
Gross value added at producer prices (GVA pp) total economy	412,306,441	489,786,128	600,255,965	740,316,182	939,505,629	1,046,915,428	1,311,074,946	1,670,095,979
Cultural GVA pp/ GVA pp total economy	2.13%	2.45%	2.72%	2.92%	3.15%	3.43%	3.36%	3.39%

Source: INDEC

Cultural gross value added at current prices for producers, in thousands of pesos. Years 2004-2011								
Annual values (thousands of de pesos, at current prices)								
Year	2004	2005	2006	2007	2008	2009	2010	2011
Gross production value at constant prices for producers (GPV pp)	12,265,4147	14,319,178	16,699,753	18,813,925	21,994,597	23,271,450	25,045,621	27,234,53
Cultural intermediate consumption at purchaser price (ICpp)	5,829,058	6,632,379	8,202,779	8,329,166	9,606,486	10,239,505	10,602,422	11,207,140
Cultural gross value added at producer prices (GVA pp)	6,436,360	7,686,800	8,496,974	10,484,760	12,388,111	13,031,945	14,443,200	16,027,812
Gross value added at producer prices (GVA pp) total economy	260,171,777	282,773,966	305,906,177	331,362,606	352,139,412	355,709,190	386,637,204	418,877,107
Cultural GVA pp/ GVA pp total economy	2.47%	2.72%	2.78%	3.16%	3.52%	3.66%	3.74%	3.83%

Source: INDEC

The authors of the document acknowledge that these first measurements derived from a statistical system not fully adapted for the CSA, hence only an approximate estimate of cultural value added was possible, for the following reasons:

- Partial coverage of the cultural activities considered. From all the economic activities defined as cultural by the reference methodology, only some were considered according to the availability of information, particularly with reference to their level of disaggregation.
- An over-representation of the cultural products considered. The cultural value added obtained from the estimates made from the activities arises, not only from the characteristic cultural goods and services, but also from products that may not even be cultural.
- Distance to the base year. The information resulting from the estimates at constant prices should be taken with caution. The reason is that the distance from the reference year may generate some bias, which arises from the impossibility of perceiving changes in the relationship between intermediate consumption and the production value or structural changes.

Cultural Employment

A cultural employment calculation was made for the same economic activities considered in the estimates for the cultural GVA, which were also used. The main source of information used for this calculation was the Generation of Income Account (CGI, Cuenta de Generación del Ingreso) of the DNCN, the source of data by economic subsector for:

- number of jobs;
- number of full-time equivalents (FTE); and
- average productivity (AP) as a ratio between the gross production value (GPV) at constant prices for producers (or the GVA, also at constant prices for producers) and the number of jobs.

Cultural employment was estimated, as part of total employment, according to a perspective of supply and demand, because the CGI was developed both from statistics based on household surveys and from statistics based on surveys of companies and recorded data of the Retirement and Pension Integrated System (SIJP, Sistema Integrado de Jubilaciones y Pensiones).

Table 4: Jobs in the cultural sector (Cultural Satellite Account)

Year	Years 2004-2010						
	2004	2005	2006	2007	2008	2009	2010
Jobs in the cultural sector	311,438	354,685	390,304	435,563	471,521	474,753	493,080
Year-top-year variation of cultural jobs	–	13.9%	10.0%	11.6%	8.3%	0.7%	3.9%
Jobs – total economy	14,925,123	15,599,894	16,453,135	17,058,717	17,732,769	17,861,438	18,076,860
Cultural employment/ total employment	–	2.27%	2.37%	2.55%	2.66%	2.66%	2.73%

Source: INDEC

The following were some of the limitations encountered when developing the average productivity (AP):

- Average Productivity (AP) was obtained only at industry level, and was not broken down at the level of component activities, so cultural and non-cultural activities were consequently aggregated.
- Taking the AP of an industry FTE as aggregate, and applying it to various cultural activities that belong to it, implies the assumption that such activities have the same average productivity, whether cultural or non-cultural. The only difference between each activity in the same industry, as to the number of FTE, is in their production values or their values added.

Foreign Trade

As an initial approach to the sector, an analysis was carried out of the information available in the Estimation of the Balance of Payments done by the National Directorate of International Accounts (DNCI, Dirección Nacional de Cuentas Internacionales) of the INDEC. On this basis, a series was developed for foreign trade of goods and services, which in turn could be disaggregated into characteristic and related goods in order to enrich the analysis.

The following tables present the series of exports and imports of goods and services, in millions of US dollars, for the period 2004-2011.

Table 5: Exports and imports of goods and services (Cultural Satellite Account)

FOB exports of cultural goods, in millions of US dollars Years 2004–2011								
Year	2004	2005	2006	2007	2008	2009	2010	2011
Exports of cultural goods	323	362	435	569	482	394	456	423
Characteristic	84	106	120	118	128	102	107	103
Actual related goods	3	3	3	4	5	4	0.05	0.04
Interdependent	196	221	253	263	280	253	312	284
Auxiliary	40	32	59	74	69	35	37	36
Variation in exports – cultural goods	–	12.1%	20.2%	55.5%	5.0%	-18.3%	15.7%	-7.2%
Exports – total economy	34,576	43,387	46,546	55,980	70,019	55,672	68,134	82,131
Variation in exports – total economy	–	16.8%	15.2%	20.3%	25.1%	-20.5%	22.4%	20.54%
Exports – cultural goods/ Exports – total economy	0.93%	0.90%	0.93%	0.82%	0.69%	0.71%	0.67%	0.52%

Source: INDEC

FOB imports of cultural goods, in millions of US dollars Years 2004–2011								
Year	2004	2005	2006	2007	2008	2009	2010	2011
Import of cultural goods	1,073	1,565	1,806	1,842	2,081	1,521	2,434	2,771
Characteristic	99	142	160	179	241	163	196	215
Actual related goods	2	3	5	8	10	8	42	63
Interdependent	820	1,191	1,330	1,259	1,390	1,094	1,772	2,053
Auxiliary	152	229	311	396	440	256	424	440
Variation in imports – cultural goods	–	45.9%	15.4%	2.0%	13.0%	-26.9%	60.0%	13.8%
Imports – total economy	21,311	27,300	32,588	42,524	54,596	37,141	53,811	70,728
Variation in imports – total economy	–	28.1%	19.4%	30.5%	28.4%	-32.0%	44.9%	31.4%
Imports – cultural goods/ Imports – total economy	5.03%	5.73%	5.54%	4.33%	3.81%	4.10%	4.52%	3.92%

Source: INDEC

2.3 Considerations of the methodological differences between the previous background and the present research

It is vitally important to pay attention to methodological issues in order to understand the scope of the results presented in the studies analyzed and any other studies that might be taken into account, as well as when comparing countries or different periods of analysis.

In this case, it is possible to note initially some essential differences between these studies regarding the methodology used for the analysis of the current research issues.

This study follows – as closely as possible – the ‘Guide on Surveying the Economic Contribution of the Copyright-Based Industries’, prepared by WIPO and published in 2003, intended as a practical tool to facilitate national and regional surveys. The Guide certainly lays out the thrust of the main legal, economic and statistical concepts relevant to the survey. While general in its basic approach, it contains some indispensable technical detail, which will be further refined in accordance with the results obtained.

For this reason, it is clear that the work carried out jointly by WIPO and the University of Campinas is one of the works that preceded the methodological recommendations made in the Guide. It can be seen that the pursuit of the objective of quantifying the economic contribution of activities and products protected by Copyright, using the National System of National Accounts and its concepts and definitions as a key source, is common to both works. The classifications of economic activities differ in the grouping criteria and in the definitions for each of the four groups, and in addition the Guide uses correction factors called ‘copyright factors’ to adjust their scope. Additionally, and in order to work as accurately as possible, this study required the application of statistical correction coefficients in some activities in which aggregation consolidated activities unrelated to copyright.

For its part, the study on the calculation of the Cultural Satellite Account, although it refers to the System of National Accounts as a source of information, has a significant difference in the fact that it is focused on the conceptual aspect derived from the expression ‘cultural activities’, referring to a sector of the economy that is characterized by generating goods and services with ‘symbolic’ content, such as ideas, values, beliefs, etc.¹¹

In that sense, it is clear that the concept of ‘cultural activities’ is much broader than that of copyright, because not all cultural activities can be identified with some full or partial legal protection. To consider this classification would then involve making estimates of target variables that would be inadequate because they are based on different assumptions. Additionally, WIPO’s methodology does not include unobservable economic activities, which have been considered for the calculation made in this research. However, the satellite account could be further adjusted and become a useful tool for monitoring the creative sector.

¹¹Definition set forth in the document ‘Las Industrias Culturales: creadoras de valor simbólico, generadoras de desarrollo económico y de puestos de trabajo’ [‘Cultural Industries: Creators of Symbolic Value, Generators of Economic Development and Jobs’], prepared by SINCA and the National Secretariat of Culture

3. METHODOLOGICAL ASPECTS RELATED TO ESTIMATION OF VALUE ADDED, FOREIGN TRADE AND EMPLOYMENT

This document is based on the methodology suggested by WIPO (2003) to identify and classify copyright-based industries.

According to this classification, four categories of industries are identified:

1. **Core copyright industries:** These industries are wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works or other protected subject matter. They are classified in nine groups: a) press and literature, b) music, theatrical productions and operas, c) motion pictures and videos, d) radio and television, e) photography, f) software and databases, g) visual and graphic arts, h) advertising services, i) copyright collecting societies.
2. **Interdependent copyright industries:** These industries are engaged in the production and sale of equipment whose function is, wholly or primarily, to facilitate the creation, production or use of works and other protected subject matter. Examples of these are: production and sale of televisions, radios, CD and DVD players, computers, musical instruments, etc.
3. **Partial copyright industries:** In these industries a portion of the activities is related to works and other protected subject matter; for instance: apparel, textiles, footwear, jewelry, furniture and toys.
4. **Non-dedicated support industries:** In these industries a portion of the activities is related to facilitate broadcast, communication, distribution or sales of works and other protected subject matter and whose activities have not been included in the core copyright industries. These industries include: general wholesale and retailing, general transportation and telephony and internet.

3.1 Identification of CBIs for Argentina

For the purposes of considering the in-force national legislation on the subject and for the interviews carried out with main actors linked to the sector, such as copyright collecting societies, sectoral chambers, experts in the subject or public agencies such as the National Directorate of Copyright (see Annex 1), copyright industries in Argentina have been identified in their four categories as above, following the WIPO Guide (2003).

As a first stage, departing from the WIPO suggestions of the industries included in each category with its corresponding 4 digit ISIC (International Standard Industry Classification), the appropriateness of the inclusion of the mentioned ISIC categories has been analyzed, taking into consideration the Argentinian legislation and the interviews carried out. On the other hand, the correspondence between the ISIC classification and the National Economic Census (main source of information) classification (hereinafter ISIC census) was considered, and the level of disaggregation needed to identify the chosen product, due in many cases to the Economic Census, presents broader aggregation groups.

In Annex 3 the four categories of copyright industries are presented with their adaptation for Argentina.

3.2 Sources of information

The most appropriate indicator to measure the economic contribution of an industry is the value added. The data which are used to measure the value added of certain industries come from two sources: input-output tables and estimations of value added by industry.

Due to the fact that the last input-output table compiled for Argentina dates from 1997, this instrument has been discarded and it has been decided to use the value added estimations for certain industries.

Another indicator used to measure the economic contribution of the copyright industries is employment in those industries relative to the total. Finally, the third indicator is foreign trade, which complements the previous two indicators.

Next, the main sources of information from which the value added, employment and foreign trade estimations for copyright industries have been obtained are described:

(a) **National Economic Census 2004**

With data referring to 2003, the census includes estimations of value of production, value added, employment, compensations, among others, for a wide number of economic sectors. The classification of the census is based on ISIC revision 3, despite the fact that in some cases it creates groups approaching to ISIC revision 4.

The advantage of this source lies in the fact that it has estimations of value added, following the method described in the System of National Accounts, SNA 1993.¹² Additionally, it provides information about registered employment in these industries which is compatible with their value added.

The information is published on the website of INDEC with the mentioned classification. In many cases, this classification coincides with the five digit ISIC revision 3, and in others with the four and three digits. Therefore some copyright industries are found in broader groupings.¹³

(b) **System of National Accounts**

National accounts are produced in the Directorate of National Accounts (DNCN) that reports to INDEC, and are based on the System of National Accounts 1993. The DNCN produces the production account with a quarterly frequency which is published at letter level of ISIC revision 3. Series of National Accounts with this disaggregation are available from 2003 up to 2008.¹⁴

(c) **Households Survey**

The continuous household survey (ECH) allows estimations of jobs at two digit level of the Classification of Economic Activities for Socio-demographic Surveys of Mercosur (CAES- Mercosur). CAES is designed based on ISIC revision 3. It observes ISIC's tabulation categories and the two digits, with the exception of the trade sector, where it groups wholesale and retail trade.

Jobs can be classified in their different categories, registered wage-earners, non-registered wage-earners, and non-wage-earners. This source allows estimations of the non-observed economy through the non-registered employment.

There is access to microdata users' databases, from which has been constructed an annual series of employment by category, with the above-mentioned classification, from 2003 to 2008.

(d) **General Directorate of Customs (DGA)**

The foreign trade registry is produced by the General Directorate of Customs (DGA), which is an agency reporting to the Federal Administration of Public Revenues (AFIP). The nomenclature used to register exports and imports is the Mercosur common nomenclature based on the 'harmonized system'.

Likewise, INDEC processes this information for Balance of Payments as well as for National Accounts by ISIC revision 3.

¹²System of National Accounts 1993. Statistical Office of the European Communities (Eurostat), International Monetary Fund, (IMF), Organization for Economic Co-operation and Development (OECD), United Nations (UN) and the World Bank.

¹³ There was no access to the census microdata which could have given the possibility of disaggregating some groupings presented in the census to extract exclusively the copyright industries and estimate with greater accuracy the copyright factors in the interdependent industries and in the partially dependent industries.

¹⁴ If there would have been access to a greater level of disaggregation than the published one, the estimation made for 2003 could have been extrapolated with more precise indicators for each activity.

(e) **SInCA**

The System of Cultural Information of Argentina is a comprehensive information dataset developed by the National Secretary of Culture. One of the projects of SInCA is the continuous production of statistics on culture.

Some of the statistics that could be obtained from this source are:

- Circulation of newspapers and magazines.
- Phonograms sold.
- Foreign trade of cultural and related goods.

(f) **Metropolitan Center of Studies for Economic Development – CEDEM**

The Metropolitan Center of Studies for Economic Development (CEDEM) is a part of the Direction of Statistics and Census of Buenos Aires City. It produces a number of statistics related to the cultural industries of the City of Buenos Aires and in some cases referring to the country as a whole. In the quarterly publication 'Economic Situation of Buenos Aires City', CEDEM incorporates a chapter dedicated to the cultural industries from which various series can be obtained, among which:

- Production of books from the registration of the ISBN:¹⁵
- Sales of the music industry (in units).
- Number of people in the audience at the cinemas.
- Number of films which have been commercially premiered

Likewise, CEDEM started in 2011 a survey of book stores in Buenos Aires city from which it is possible to obtain the amount of sold and manufactured books.

(g) **Copyright Collecting Societies:**

Argentinian Society of Authors and Composers of Music (SADAIC): This copyright collecting society was recognized by the Act N° 17.648 (Regulated by Decree N° 5.146/69) as a cultural civil association of private nature, granting it the exclusive management rights of national and foreign music creators. SADAIC provided the balance sheets from 2003 until the latest available period, which corresponds to July 2011/June 2012, where information on revenues and distribution of rights in the national and international sphere are published.

Center of Administration of Reprographic Rights (CADRA): CADRA is an association which protects and manages collective copyrights. Its website publishes the records of the balance sheets from 2001/2002 until present date.

General Society of Authors of Argentina (Argentores): The General Society of Authors of Argentina, created by Act N° 20.115 of 1973, is the copyright collecting society which represents literary and dramatic authors (writers, scriptwriters for cinema, radio and television, etc. and manages the revenues of its rights.

Argentinian Society of Management of Interpreting Actors (SAGAI): SAGAI is the association which administers and manages copyrights of actors, dancers and dubbing-voice actors. It starts in 2006. In the webpage it publishes the balance sheets from 2009 until present date.

Other copyright societies: There were interviews to evaluate information available in other copyright collecting societies, such as the Argentinian Association of Performers (AADI) and the Argentinian Chamber of Phonogram and videogram producers (CAPIF) and the Society of Visual Arts (SAVA).

¹⁵ International Standard Book Number. By law number 22.399 of 1981, every book edited in Argentina must have the International Standard Book Number printed in it. The Argentinian Book Chamber (CAL) is in charge of its administration.

(h) **Consultations with experts**

In some cases, where the required statistical information to make accurate estimates was not available, it was essential to have expert opinions and estimations in consultation with WIPO experts in order to achieve the objectives for the research.

3.3 Methodological difficulties for the identification and measurement of CBIs

The Argentinian statistical system presents some limitations which make the identification and measurement of CBIs difficult:

- (a) Insufficient disaggregation of the base information. The main source of information is the Economic Census, which presents results by ISIC at different levels of aggregation. There are industries at 5 digit level, others at 4 and others at 3 digits. Actually, in many cases CBIs refer to protected products which can be found in industries which are not totally protected. For this reason, it was necessary, in some core industries, to apply statistical correction coefficients which, in a different way from the copyright factors, try to reflect, due to the lack of statistical disaggregation, the portion which represents the protected industry inside the available census grouping.

One of the characteristic sectors that present this problem is printing. In this sector coexist large firms, many of which provide services to the publishing industry, and small and medium firms. In many cases, the latter are informal firms, which are engaged in printing articles not protected by copyright.

- (b) The latest economic census contains information for the year 2003. In order to update these data to 2008, one should use estimations of National Accounts which are disaggregated at letter level. Therefore, as no specific information can be obtained, in some sectors levels of 2008 could be under- or overestimated.
- (c) National Accounts include in their estimations both observed and non-observed economic activities, whereas the Economic Census provides information of about the former. Using only census information for the estimation of value added in copyright industries could imply underestimations of its contribution to GDP.
- (d) Socio-demographic surveys which are used to measure employment growth of CBI have a two-digit disaggregation. So in order to obtain estimations with a greater level of disaggregation, it was necessary to maintain the most disaggregated structure of the Economic Census for 2003.

The level of informality in Argentina is high; consequently, the Census underestimates its true economic dimension in some sectors. The only alternative for obtaining an approximate dimension of informality in the CBIs is through use of the socio-demographic surveys. However, as mentioned above, these surveys have a two-digit level of disaggregation, which makes difficult to make precise estimations.

- (e) Likewise, National Accounts have not yet estimated the new base for 2004 in which one could obtain the coefficients of the non-observed economy (NOE) implied in each sector. Therefore, this study has resorted to the estimations for the City of Buenos Aires, which replicate the methodology used by National Accounts and the international recommendations on the subject, in order to obtain the adjustment coefficients by sectors which arose when estimating the base year 2004 for the Regional Gross Product of the City of Buenos Aires (Wierny et al., 2011).
- (f) Lack of information or mismatching of the non-official sources. In many cases, one has access to information of products' physical quantities, which is complex to value in order to obtain economic estimations of the sectors. In other cases there was information with partial coverage.
- (g) Copyright Collecting Societies, with some exceptions, do not have statistical information. They do not normally have statistical departments to generate this information in a systematic way.
- (h) Information on foreign trade of goods is classified for Mercosur with an adaptation of the harmonized system, which has changed during the years. It was necessary to take into account these changes in order to convert information coming from foreign trade for each year to ISIC revision 3.

- (i) Information published for the balance of payments concerning copyrights is grouped under the concept of royalties, which includes patents, royalties, licenses and copyrights. Through a special request to INDEC, the disaggregation of copyrights has been obtained for the 2003-2008 period.

3.4 Adjustments to the calculation of gross value added (GVA) of some activities by the copyright factor and the statistical correction coefficient.

Given the cross-section or general character of the industries which are partially dependent on copyright and the non-dedicated support industries, and given the existing difficulties of statistical disaggregation to quantify in a precise way the proportion corresponding to copyright in value added and generated employment, it is necessary to estimate the contribution of these industries to the total economy.

In order to reduce the risks of overestimation, following the methodology of WIPO (2003), a copyright factor is applied to the value added and generated employment, which represents the specific weight of those activities protected by copyrights in the partially dependent and in the non-dedicated support industries.

In this sense, and according to WIPO 2003, the CBIs of core or interdependent industries do not require any adjustment once the GVA and employment have been estimated, given that their contribution to copyright-based activities is 100%. On the contrary, the activities included in the groups of partially dependent and non-dedicated support industries have a weight in the total of the economic activity.

However, in this study, and for strictly statistical reasons -the lack of access to the microdata of the economic census necessitated the use of data available at a higher level of aggregation; it was necessary to apply the statistical correction coefficient also in some core and interdependent activities, because the grouping published by the census contained activities which were not protected by copyright.

3.4.1 Adjustment to GVA calculations of some activities by statistical correction.

1. For core CBIs, statistical correction coefficients have been estimated in the following activities:

Publishing: In this activity the census also included the publishing of brochures and personal cards and other commercial printed materials; they were excluded.

Printing: In this sector large firms – many of which provide services to the publishing industry – coexist with small and medium ones. In many cases the latter are informal and engaged in printing articles (brochures and other printed material) not protected by copyright. A coefficient has been applied which reflects the contribution of products protected by copyright in the total of the activities' products.

Retail sales of recorded music: According to the grouping of the census this activity also includes the retail sales of musical instruments and sound equipment, both of which belong to the interdependent industries category. For this reason, only part of this activity (0.39%) is assigned to the core industries for the sales of recorded music and the rest is left in the interdependent industries.

Photography: The census includes the outlets engaged in developing photographs for the final consumer only. For this reason, a coefficient was applied to exclude them.

Translators: In the census, translators are grouped with other services to the firms, which include administrative activities and call centers, among others. A coefficient has been estimated based on translators' participation in the total activity. Given the informal aspect of the activity and that many translators work freelance, it is probable that the census has under-captured them

Copyright collecting societies: In the census, this activity is grouped with professional associations. A coefficient has been estimated from information provided by these organizations with respect to the total of the activity.

In the following table, the statistical correction coefficients applied to the census groups for the core industries are presented:

Table 6: Statistical correction coefficients used in core CBI

Typology	ISIC Census	Concept	Statistical coefficient
1	2211	Publishing of books, brochures, musical books and other publications	0.860
1	2212	Publishing of newspapers, journals and periodicals	1
1	2219	Other publishing	1
1	2221	Printing	0.586
1	2222	Service activities related to printing	1
1	51321	Wholesale of books, magazines and newspapers	1
1	52356	Retail sales of musical instruments, music scores and tapes	0.390
1	5238	Retail sales of books, magazines, newspapers, paper, cardboard, packaging materials and library articles	1
1	6422	Television transmission services	1
1	71301	Renting of videos and video games; video stores	1
1	7220	Software consultancy and supply	1
1	7230	Data processing	1
1	7240	Database activities	1
1	7430	Advertising	1
1	7494	Photographic activities	0.700
1	7499	Translators	0.005
1	9211	Motion picture and video production and distribution	1
1	9112	Copyright collecting societies	0.150
1	9212	Motion picture projection	1
1	9213	Radio and television activities	1
1	9214	Dramatic arts, music and other arts activities	1
1	9219	Other entertainment activities n.e.c.	1
1	9220	News agency activities	1
1	9231	Library and archives activities	1
1	92499	Other recreational activities	1

Source: Own elaboration.

- For the interdependent CBIs, statistical correction coefficients have been estimated for the following activities:

Manufacturing of cellulose paste, paper and cardboard: Part of the activity (toilet paper, bags, etc.) is not associated with activities which generate copyright. For this reason, from information provided by the Argentinian Association of Paper and Cardboard Manufacturers, the proportion of production of printing paper in the total has been estimated and this correction coefficient has been applied to the census values (38%).

Likewise, not all the paper for printing is used for protected products. Therefore, given that in the (core) printing activity a coefficient was obtained which represented the proportion corresponding to printing of products protected by copyright, excluding general brochures and other non-protected products, this coefficient has been also applied to the figures obtained for the printing paper.

Manufacturing of photography and cinematography instruments: In the census, this activity is grouped with optical instruments, where the majority of firms correspond to this latter activity because majority of photographic and cinematographic instruments are imported. Therefore a coefficient has been estimated which reflects only the national production of these products.

Manufacturing of musical instruments: This activity is grouped with jewelry, sports articles, games and toys. Some of these products are in Category 3, industries which are partially dependent. Thus, the share

of manufacturing of musical instruments has been estimated; it is really small due to the fact that the majority of these products are imported.

Wholesale of photographic and cinematographic instruments: Once again, in the census this activity is grouped with the sale of optical instruments. Therefore, a coefficient has been estimated to reflect the sales of these products. This coefficient does not coincide with that estimated for manufacturing, because in the case of sales the origin of goods, national or imported, does not matter both generate margins.

Wholesale of paper: The same coefficient as that for manufacturing is applied.

Wholesale of software, computers and equipment: In the census, sales of software are grouped with those of equipment. Therefore, given that the latter are the major part, they were both left in Category 2. This activity also includes control and security groups. A coefficient has been estimated to exclude them.

Retail sale of non-recorded material, musical instruments, televisions, radios, video recorders, CD players, DVD players, cassette players, electronic games consoles and other similar equipment: This activity includes the retail sale of recorded music, which is included in the core industries. Therefore, the statistical correction coefficient is applied.

Retail sale of photographic and cinematographic instruments: The same correction coefficient as for wholesale sales is used.

Retail sale of paper: The same coefficient as for production and wholesale is used.

Renting of photographic and cinematographic instruments: In the census, the renting of these products is grouped with the renting of agricultural and construction machinery. There is no disaggregation by product but, given the magnitude of the latter, it was eliminated from the category.

Renting of televisions, radios, video recorders, CD players, DVD players, cassette players, electronic games consoles and other similar equipment: In the census, this activity includes all personal belongings, therefore the correction coefficient is applied.

In the following table the statistical correction coefficient applied to the census groupings for the interdependent industries are presented:

Table 7: Statistical correction coefficients used in Interdependent CBIs

Typology	ISIC Census	Concept	Statistical coefficient
2	2101	Manufacture of pulp, paper and paperboard	0.224
2	3000	Manufacture of office, accounting and computing machinery	1
2	3230	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus, and associated goods	1
2	3320	Manufacture of optical instruments and photographic equipment	0.004
2	3699	Other manufacturing n.e.c. (musical instruments)	0.004
2	5139	Wholesale of other household goods	1
2	51341	Wholesale of photographic equipment	0.50
2	51492	Wholesale of other intermediate products, waste and scrap	0.38
2	51592	Wholesale of computers and electronic machines for writing and calculating; wholesale of machines and communications equipment, control and security	0.50
2	51514	Wholesale of machinery, equipment and implements used in printing, graphic arts and related activities	1
2	52356	Retail sale of musical instruments, sound equipment, audio and video cassettes, audio and video discs	0.61
2	52371	Retail sale of photographic	0.50
2	52383	Retail sale of paper	0.38
2	71309	Renting of personal and household goods	0.80

Source: Own elaboration.

3.4.2 Adjustments to the calculation of GVA in some activities by the 'copyright factor'

For partial CBIs, adjustment factors from the Colombian study¹⁶ have been applied (based, in turn, in the study for Hungary by Penygey and Munkácsi, 2005). The factors for the study in Panama have also been borrowed and are presented in the following table.

Table 8: Copyright factors for the Partial CBIs

Economic Activity	ISIC Census	Description	Copyright factor
Architecture, engineering, surveying	7421	Architectural and engineering activities and related technical consultancy	0.39
Interior design	7499	Other business activities (interior design)	0.1
Household goods, china and glass	2029	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.05
	2610	Manufacture of glass and glass products	0.05
	2899	Manufacture of other fabricated metal products n.e.c.	0.05
	5139	Wholesale of household articles and / or personnel	0.05
	52354	Retail goods and furniture bazaar	0.05
Jewelry and coins	3699	Manufacture of jewelry, games and toys	0.005
	51342	Wholesale of jewelry and watches	0.25
	52372	Retail sale of watches and jewelry	0.25
Toys and games	3699	Manufacture of jewelry, games and toys	0.14
	5139	Wholesale of household articles	0.4
	52393	Retail sale of games and toys	0.4
Furniture	3610	Manufacture of furniture	0.05
	5154	Wholesale of furniture and equipment for the industry, trade and services	0.05
	71309	Renting of furniture	0.05
Museums	9232	Museums activities and preservation of historical sites and buildings	0.5
Other crafts	52373	Retail sale of jewelry and fantasy	0.4
Wall coverings and carpets	1729	Manufacture of other textiles n.e.c.	0.02
	2109	Manufacture of other articles of paper and paperboard	0.02
	52322	Retail of household confections	0.02
Apparel, textiles and footwear	1721	Manufacture of made-up textile articles, except apparel	0.05
	1810	Manufacture of wearing apparel, except fur apparel	0.05
	1920	Manufacture of footwear	0.05
	5131	Wholesale of textiles, clothing and footwear	0.05
	5233	Retail sale of textiles and clothing	0.05

Source: Own estimates.

For the case of architectural services, a factor that would only take into account design activity and the architectonic project was applied. In the census, architects and engineers are grouped together. However, the census did a special survey for the professional services, where the number of active licenses was reported by profession and the value of production and the value added were estimated by profession.

Therefore, a first stage consisted of separating, in the published figures, those corresponding to architectural services, considering the participation of architects according to licenses and value added (which are similar: 64% and 65% respectively) in the aggregate of architects and engineers.

¹⁶ WIPO (2008), The Economic Contribution of Copyright-Based Industries in Colombia

Afterwards, inquiries were made from architecture studios, which provided information about the participation of the project and design component in the total cost of a building. It is estimated that fees for architects amount on average to 10% to 12% of a building project budget.

From the total of architectural services activity, it is estimated that 60% corresponds to the project (including the preliminary sketches, drafts, execution documents and building plans), and the other 40% corresponds to building management.

For the **non-dedicated support industries** (trade, transport, post and telecommunications) the correction factor was estimated using the procedure described in the study of Colombia, based on the input-output matrices' coefficients. In the case of Argentina the latest input-output matrix was built for 1997.

This method estimates the proportion of trade, transportation, post and telecommunications used by the industries classified as core and interdependent in the total production of trade and in the total production of transportation, post and telecommunications.

The above-mentioned factors are presented in the following table:

Table 9: Copyright factors for the non-dedicated Support CBIs

Non-dedicated support CBIs	Copyright factor
Wholesale and retail trade	0.0100
Transport	0.0138
Post and telecommunications	0.0097

Source: Authors' calculation

3.5 Adjustments to GVA due to the inclusion of the non-observed economy (NOE)

Traditionally, in Argentina, the employment estimation coming from socio-demographic sources gives significantly higher levels than those coming from economic sources. These differences, which demonstrate the existence of the non-registered economy, can be attributed to the under-declaration of outlets participating in the census as well as to the under-capturing of outlets.

In many cases, given the intrinsic characteristics of certain activities, there are difficulties in capturing them from an economic census whose main procedure for data collection is geographical sampling.

For this reason, even since the base year 1986, the National Accounts of Argentina incorporate the non-observed economy, trying to achieve the exhaustiveness in GDP measurement which is recommended by the System of National Accounts (SNA93).¹⁷

The method for incorporating the non-registered economy consists, briefly, in comparing jobs that come from the economic sources to those coming from the socio-demographic sources. From this comparison, the missing jobs are determined and finally imputations are done, by employment category and by strata, of the missing values of production, intermediate consumption and value added.

This estimation methodology of the non-observed economy is called 'method through employment' or the 'Italian method', and is recommended in the Manual for measurement of the non-observed economy (OECD, IMF& ILO, 2002).

Given that in order to evaluate the importance of CBI in a country, one of the indicators used is their weight in the value added of the total economy or GDP, and given that GDP includes the non-registered economy, it is relevant to incorporate it in the estimations of CBIs, because otherwise one would be underestimating their participation.

In order to incorporate the adjustment of the NOE in the CBIs, given that National Accounts has not yet done the estimation for the base year 2004 as was foreseen, estimations made by some provinces are used, and

¹⁷See Ministerio de Economía y Obras y Servicios Públicos (1999).

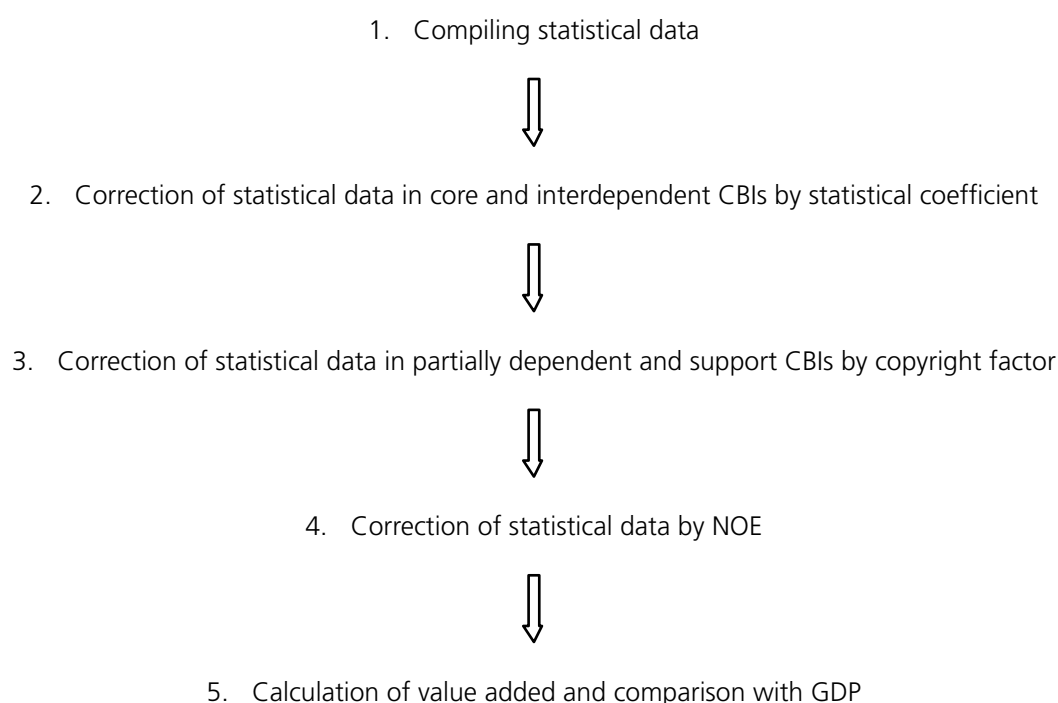
mainly those made by Buenos Aires City for the base year 2004 and the estimations of the NOE for that year by activity sector. These estimations replicate the methodology used by National Accounts to incorporate the NOE in the estimations of the base year (Wierny et al., 2011)

From these studies, the adjustment coefficients have been obtained for the value of production, value added, wage-earners and non-wage-earners for each activity.

This adjustment increased the value added generated by CBIs by 17% approximately, the adjustment for core industries being 20%, 10% in the interdependent industries, 17 % in the partially dependent industries and 5% in the non-dedicated support industries.¹⁸

As a summary, the following figure synthesizes the steps followed to obtain estimates regarding the value added generated by the CBI and its contribution to GDP.

Figure 1: Working Process



3.6 Estimation of the 2003-2008 series

In order to estimate the 2003-2008 series, different indicators have been used, the main one being the series of National Accounts at a two-digit level of ISIC.¹⁹

Value indices have been calculated, with which the valued of 2003 have been updated.

Likewise, in some sectors where there has been information provided by CEDEM or other agencies, the variations have been checked from the different sources available.

On the other hand, estimation at constant prices has been made applying the variations that arise from the two digits of national accounts to the levels obtained for this study for 2003.

This estimation is an approximation, because the constant prices of national accounts have 1993 as their base year.

¹⁸In order to have a benchmark, the adjustment of GDP in 1993 in the sectors that were estimated from the economic census was 30% of the value added.

¹⁹At the closure of this report, there was no information available on the value indices by sector with a greater disaggregation (4 digits ISIC) in order to update with greater precision the estimations for 2003 to 2008.

4. RESULTS OF THE STUDY FOR ARGENTINA

This chapter presents the results of the estimation of the contribution of the copyright based industries (CBIs) to value added, to employment and to foreign trade during the 2003-2008 period.

The next section shows a brief description of the structure and growth of the Argentinian economy during the same period, which provides the context for the contribution and growth of CBIs and thus enables their importance to be measured.

4.1 Argentina's economic structure

The estimations for the Argentine CBIs belong to the period 2003-2008, a period characterized by a significant recovery of the country's economy following a deep economic recession which started by mid-1998 with the Brazilian devaluation and the Russian economic crisis, and turned into the worst social and economic crisis experienced by the country since the 1930s.

Devaluation of the domestic currency allowed the reestablishment of the competitiveness of the manufacturing industries and small and medium firms, because of the side benefits of a partial transfer of devaluation to prices and wages, originating in the high unemployment level of the labor force and the underutilization of equipment inherited from the crisis.

At the same time, the boom in commodities export prices which took place at the beginning of the 21st century benefitted Argentina (and Latin America in general), especially in natural-resources-intensive sectors, producing a substantial improvement in the terms of trade and significant wealth effects through the increase in agricultural land value and real estate assets.

The greater revenues from exports, derived from the boom in the tradable goods sector and the devaluation of the domestic currency, allowed the Argentine economy to experience a significant acceleration in growth between 2002 and 2008 through aggregate demand growth, especially of the consumption component and initially of the investment one, allowing production to recover to, and even moderately surpass, the levels which prevailed before the 1998-2002 crisis.

The aggregate growth from the beginning to the end of the period was about 47%, which implies an annual accumulated rate of 8%. In 2005, the GDP level overtook the maximum level reached prior to the crisis (1998), and the 2008 GDP was 32% higher than in 1998. According to CEPAL figures, a trend of long-term growth has been estimated which amounts to 2.5% using the interpolation method of cyclical maxima GDP (Coremberg et al., 2007).

The following table shows the sector composition of value added and its growth during the period.

Table 10: Gross Domestic Product

Millions of pesos. at current prices and percentage share							
Tabulation Category	Description	2003	2004	2005	2006	2007	2008
	Gross value added	351,599	411,970	489,786	600,230	740,316	944,777
A	Agriculture, hunting and forestry	10.6%	10.2%	9.1%	8.2%	9.2%	9.6%
B	Fishing	0.4%	0.3%	0.3%	0.3%	0.2%	0.3%
C	Mining and quarrying	5.8%	5.7%	5.9%	6.0%	4.8%	3.8%
D	Manufacturing	24.0%	24.2%	23.3%	22.4%	21.5%	21.7%
E	Electricity, gas and water supply	1.7%	1.7%	1.7%	1.6%	1.5%	1.3%
F	Construction	3.3%	4.2%	4.9%	5.9%	6.3%	6.0%

Table 10: Gross Domestic Product (continued)

G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	11.7%	11.7%	11.8%	11.5%	11.7%	12.0%
H	Hotels and restaurants	2.3%	2.4%	2.6%	2.7%	2.7%	2.7%
I	Transport, storage and communications	8.5%	9.1%	9.1%	8.9%	8.7%	8.5%
J	Financial intermediation	3.9%	4.2%	4.4%	4.7%	4.9%	5.1%
K	Real estate, renting and business activities	12.0%	11.2%	10.9%	11.0%	11.1%	11.1%
L & Q	Public administration and defense; compulsory social security and extra-territorial organizations	5.4%	5.2%	5.4%	5.6%	5.9%	6.2%
M & N	Education, health and social work	6.9%	6.6%	7.0%	7.8%	8.3%	8.6%
O & P	Other community, social and personal service activities, private households with employed persons	3.8%	3.9%	4.1%	4.1%	4.1%	4.1%
Least:	FISIM	0.5%	0.5%	0.6%	0.8%	0.8%	0.8%

Source: National Accounts

Services represent approximately 60% of GDP at current prices, the rest corresponds to goods production. The main sectors of the economy, measured in terms of value added, are the manufacturing industry, followed by trade, business and renting activities and the agricultural and farming sector.

The economic recovery demonstrated by the Argentinian economy was heterogeneous by sector, as the following table demonstrates:

Table 11: Value added at constant 1993 prices

Annual growth rates

Tabulation Category	Description	2004	2005	2006	2007	2008
	Gross value added	8.4	8.7	8.2	8.3	6.3
A	Agriculture, hunting and forestry	-1.0	11.6	1.5	10.3	-2.7
B	Fishing	-19.0	-14.3	61.8	-5.3	4.1
C	Mining and quarrying	-0.4	-0.2	1.9	0.6	1.1
D	Manufacturing	11.9	7.6	8.9	7.6	4.5
E	Electricity, gas and water supply	6.6	5.0	5.0	5.8	3.4
F	Construction	29.4	20.4	18.6	9.2	3.7
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	13.5	9.9	7.9	11.3	7.9
H	Hotels and restaurants	6.9	8.0	7.2	8.3	7.7
I	Transport, storage and communications	13.4	14.9	13.5	13.6	12.1
J	Financial intermediation	-5.5	17.5	22.0	18.7	17.4
K	Real estate, renting and business activities	4.3	4.5	4.2	4.7	6.3
L & Q	Public administration and defense; compulsory social security and extra-territorial organizations	1.8	3.3	4.5	3.7	3.9
M & N	Education, health and social work	2.9	4.2	4.2	4.9	4.5
O & P	Other community, social and personal service activities, private households with employed persons	9.0	10.0	7.8	6.2	6.2
Least:	FISIM	-26.3	18.2	22.6	19.0	12.7

Source: National Accounts

The more dynamic sectors in the 2003-2008 period were the construction sector and transport and communications sectors, although financial intermediation was the most dynamic one after 2005. The agricultural and farming sector demonstrated a great volatility, mainly due to climate effects on agricultural output and the political economy for the sector since 2005. Manufacturing industry, despite the favorable change in relative prices, presented a significant dynamism but this was similar to that experienced during the recovery after the hyperinflation crisis of the late '80s.

4.2 CBIs' value added generation

This section presents the economic contribution of copyright-based industries to GDP. The following table shows the levels of CBIs' value added and their contribution, by category, to the Argentinian GDP.

Table 12: CBIs' VA levels and contribution to GDP

(In thousands of pesos)

CBI	2003	2004	2005	2006	2007	2008
Core	7,142,397	8,758,744	11,536,142	15,408,924	20,465,021	27,672,225
Interdependent	1,974,502	2,427,930	2,923,947	3,443,986	4,051,792	5,058,976
Partial	1,330,236	1,813,422	2,369,351	3,068,877	3,922,670	5,150,352
Support	808,344	932,695	1,086,392	1,274,488	1,559,065	1,914,790
TOTAL	11,255,479	13,932,791	17,915,832	23,196,275	29,998,548	39,796,342
CBI (% of GDP)	2003	2004	2005	2006	2007	2008
Core	2.2%	2.3%	2.6%	2.8%	3.1%	3.3%
Interdependent	0.6%	0.6%	0.7%	0.6%	0.6%	0.6%
Partial	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%
Support	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
TOTAL	3.5%	3.7%	4.0%	4.3%	4.5%	4.7%

Source: Own estimates

The CBIs' participation estimated in the present report amounts to 4.7% of the country's GDP. The core industries are the most important component of CBI: they represent 70% of the total (3.3% of Argentinian GDP), while the interdependent activities and the partially dependent, as well as the non-dedicated support industries represent 30% of the total (1.4% of GDP).

According to the estimation, and as it can be seen in the table, CBIs have increased their contribution to GDP during the period under analysis from 3.5% of GDP in 2003 to 4.7% in 2008. These percentages represent a level of AR\$ 11,255 million pesos in 2003 and AR\$ 39,796 million pesos in 2008.

The industries which have most increased their contribution to GDP are the core industries, which represented 2.2% of GDP in 2003 and 3.3% in 2008. The next table shows the structure of CBI in each period.

Table 13: CBIs composition

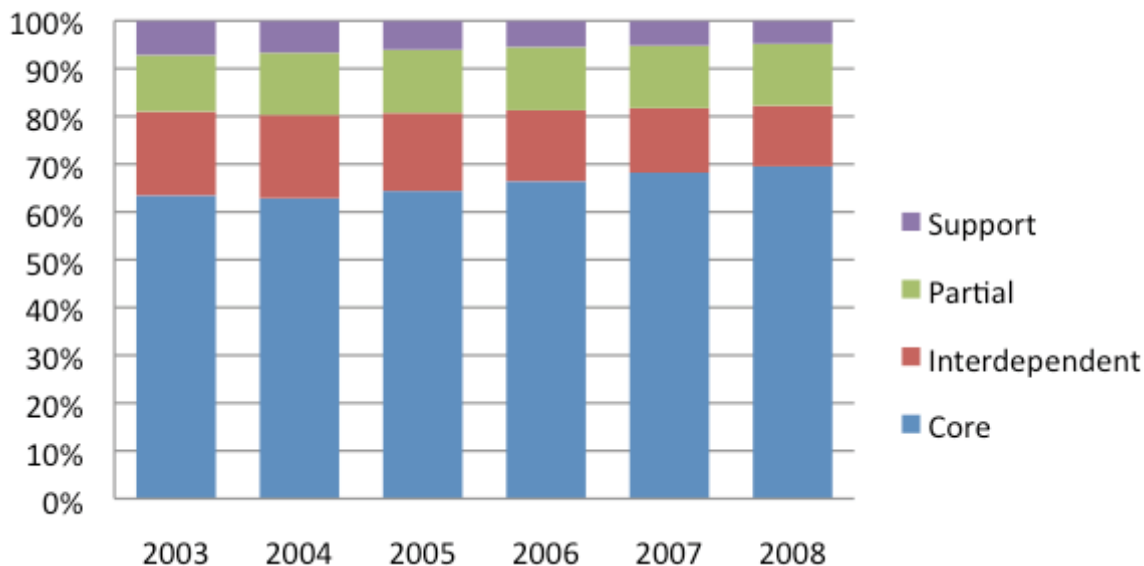
CBI	2003	2004	2005	2006	2007	2008
Core	63.5%	62.9%	64.4%	66.4%	68.2%	69.5%
Interdependent	17.5%	17.4%	16.3%	14.8%	13.5%	12.7%
Partial	11.8%	13.0%	13.2%	13.2%	13.1%	12.9%
Support	7.2%	6.7%	6.1%	5.5%	5.2%	4.8%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Own estimates

From the total of CBIs, core industries have increased their contribution between 2003 and 2008 from 63.5% to 69.5%. This increase is the counterpart of a decrease in the interdependent and non-dedicated support industries, while the partially dependent industries have slightly increased their contribution.

The following chart shows the composition of CBIs in each period.

Figure 2: CBIs composition



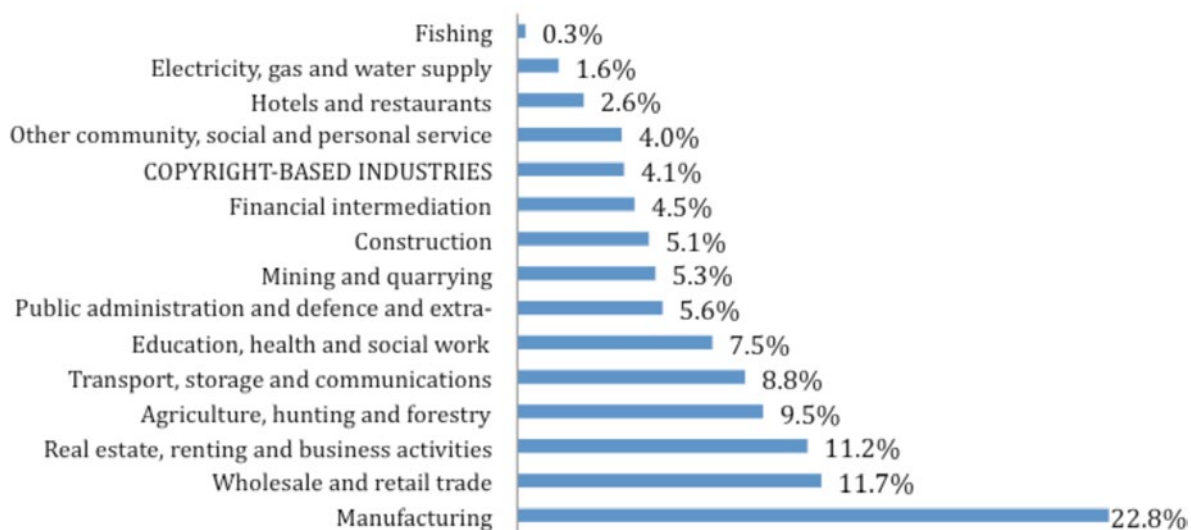
Source: Own estimates

4.3 CBIs in the national context

In order to have a clearer picture of the importance of CBIs in the country, the following chart shows the average contribution of CBI in the 2003-2008 period relative to the average contribution of other economic sectors which make up GDP.

Average contribution of CBI to GDP is 4.1%. This figure is higher than that shown by other sectors such as fishing, hotels and restaurants and is almost as important as financial intermediation.

Figure 3: Contribution to GDP in %



Source: Own estimates and National Accounts

4.4 CBIs' structure

The next section presents an analysis of the economic contribution of the different groups of copyright based industries, highlighting their structure and growth during the 2003-2008 period.

4.4.1 Core industries

Among the core industries, it is possible to see that those which make the greater contribution in terms of value added are the publishing and printing industries as a whole (circa 25%), computing services at 21% and television broadcasting services with 17% on average. While the first two have increased their contribution during the period, television broadcast services' contribution has decreased.

The following table (Table 14) shows the composition of the core industries during the period.

Table 14: Composition of core industries

ISIC Census	Description	2003	2004	2005	2006	2007	2008
2211	Publishing of books, brochures, musical books and other publications	3.4%	4.1%	4.0%	5.0%	5.9%	5.8%
2212	Publishing of newspapers, journals and periodicals	11.8%	11.1%	12.8%	12.0%	11.1%	10.5%
2219	Other publishing	1.5%	1.8%	1.1%	1.5%	1.0%	0.9%
2221	Printing	8.2%	7.8%	7.9%	7.5%	8.1%	5.3%
2222	Service activities related to printing	1.4%	1.6%	0.9%	0.9%	0.8%	0.5%
51321	Wholesale of books, magazines and newspapers	2.4%	2.3%	2.1%	1.8%	1.8%	1.8%
52356	Retail sales of musical instruments, music scores and tapes	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%
5238	Retail sales of books, magazines, newspapers, paper, cardboard, packaging materials and library articles	3.5%	3.5%	3.2%	2.9%	2.7%	2.6%
6422	Television transmission services	18.7%	18.0%	16.7%	16.4%	15.2%	14.7%
71301	Renting of videos and video games; video stores	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%
7220	Software consultancy and supply	21.2%	20.9%	21.4%	21.5%	21.7%	25.4%
7230	Data processing	4.0%	4.0%	4.1%	4.1%	4.1%	4.8%
7240	Data base activities	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
7430	Advertising	6.7%	6.2%	5.6%	5.9%	7.5%	8.9%
7494	Photographic activities	2.8%	2.8%	2.8%	2.9%	3.0%	3.1%
7499	Translators	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
9211	Motion picture and video production and distribution	2.1%	2.3%	2.5%	2.5%	2.4%	2.2%
9112	Copyright collecting societies	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
9212	Motion picture projection	1.4%	1.5%	1.6%	1.7%	1.6%	1.5%
9213	Radio and television activities	4.0%	4.2%	4.5%	4.5%	4.3%	4.0%
9214	Dramatic arts, music and other arts activities	1.0%	1.1%	1.3%	1.3%	1.3%	1.1%
9219	Other entertainment activities n.e.c.	1.2%	1.4%	1.6%	1.7%	1.6%	1.4%
9220	News agency activities	1.2%	1.6%	2.3%	2.4%	2.3%	2.1%
9231	Library and archives activities	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
92499	Other recreational activities	0.2%	0.2%	0.3%	0.3%	0.3%	0.2%
	Core CBI total	100%	100%	100%	100%	100%	100%

Source: Own elaboration.

4.4.2 Interdependent copyright industries

Among the interdependent copyright industries, the contribution of appliances wholesale, musical instruments and recorded music stands out. Most of these products are imported. With similar characteristics, sales of hardware follow in order of importance.

The following table (Table 15) shows the contribution of each interdependent industry during the period 2003-2008.

Table 15: Composition of interdependent copyright industries

ISIC Census	Description	2003	2004	2005	2006	2007	2008
2101	Manufacture of pulp, paper and paperboard	10.8%	10.5%	8.5%	7.7%	8.0%	6.4%
3000	Manufacture of office, accounting and computing machinery	9.9%	7.8%	8.4%	6.0%	6.8%	7.0%
3230	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus, and associated goods	11.8%	16.4%	18.0%	21.2%	14.9%	11.6%
3320	Manufacture of optical instruments and photographic equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3699	Other manufacturing n.e.c. (musical instruments)	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%
5139	Wholesale of other household goods	29.1%	27.9%	27.6%	27.2%	29.6%	31.8%
51341	Wholesale of photographic equipment	3.0%	2.8%	2.8%	2.8%	3.0%	3.2%
51492	Wholesale of other intermediate products, waste and scrap	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
51592	Wholesale of computers and electronic machines to write and calculate; Wholesale of machines and communications equipment, control and security	16.1%	15.4%	15.3%	15.1%	16.4%	17.6%
51514	Wholesale of machinery, equipment and implements used in printing, graphic arts and related activities	2.1%	2.0%	2.0%	2.0%	2.1%	2.3%
52356	Retail sale of musical instruments, sound equipment, audio and video cassettes, audio and video discs	3.4%	3.4%	3.4%	3.5%	3.6%	3.8%
52371	Retail sale of photographic	4.9%	4.9%	4.9%	5.0%	5.2%	5.5%
52383	Retail sale of paper	6.9%	6.9%	6.8%	7.0%	7.3%	7.7%
71309	Renting of personal and household goods	1.4%	1.5%	1.6%	1.9%	2.2%	2.5%
	Interdependent CBI total	100%	100%	100%	100%	100%	100%

Source: Own elaboration.

4.4.3 Partial copyright industries

Architecture services²⁰ – that is, the architectonic and design project but not the direction of construction work – are the most important industry within the partially dependent industries. This industry has shown dynamic behavior during the period, increasing its contribution. The following table (Table 16) shows the composition of the partial copyright industries.

²⁰ The portion corresponding to the project is the part protected by copyright. This is not the case for the direction of construction works.

Table 16: Composition of partial copyright industries

ISIC Census	Description	2003	2004	2005	2006	2007	2008
1721	Manufacture of made-up textile articles, except apparel	1.1%	1.4%	1.1%	1.0%	0.7%	0.5%
1729	Manufacture of other textiles n.e.c.	1.0%	1.0%	0.9%	0.8%	0.6%	0.4%
1810	Manufacture of wearing apparel, except fur apparel	7.4%	10.2%	12.9%	11.9%	10.7%	10.3%
1920	Manufacture of footwear	2.6%	3.0%	3.5%	3.9%	4.2%	3.4%
2029	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	3.0%	3.4%	2.8%	2.7%	2.5%	2.4%
2109	Manufacture of other articles of paper and paperboard	1.5%	1.2%	0.9%	0.9%	0.7%	0.6%
2610	Manufacture of glass and glass products	1.3%	1.2%	1.0%	0.9%	0.7%	0.6%
2899	Manufacture of other fabricated metal products n.e.c.	4.5%	5.5%	5.5%	5.1%	4.4%	4.2%
3610	Manufacture of furniture	4.1%	3.3%	2.3%	1.9%	1.8%	2.2%
3699	Manufacture of jewelry, games and toys	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%
5131	Wholesale of textiles, clothing and footwear	2.2%	1.9%	1.8%	1.6%	1.6%	1.6%
51342	Wholesale of jewelry and watches	0.6%	0.5%	0.5%	0.4%	0.4%	0.5%
5154	Wholesale of furniture and equipment for the industry, trade and services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
5139	Wholesale of household articles and / or personnel	2.2%	1.9%	1.7%	1.5%	1.5%	1.6%
5139	Wholesale of games and toys	17.3%	14.9%	13.6%	12.2%	12.2%	12.5%
5233	Retail sale of textiles and clothing	6.4%	5.7%	5.2%	4.9%	4.7%	4.7%
52354	Retail goods and furniture bazaar	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%
52372	Retail sale of watches and jewelry	2.1%	1.9%	1.8%	1.6%	1.6%	1.6%
52373	Retail sale of jewelry and fantasy	1.3%	1.2%	1.1%	1.0%	1.0%	1.0%
52322	Retail of household confections	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
52393	Retail sale of games and toys	3.4%	3.1%	2.8%	2.6%	2.5%	2.5%
71309	Renting of furniture	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
7421	Architectural and engineering activities and related technical consultancy	27.8%	29.3%	31.6%	35.2%	37.7%	39.1%
7499	Other business activities (interior design)	8.3%	7.7%	7.6%	8.2%	8.9%	9.2%
9232	Museums activities and preservation of historical sites and buildings	0.5%	0.4%	0.4%	0.5%	0.5%	0.4%
	Partial CBI Total	100%	100%	100%	100%	100%	100%

Source: Own elaboration

4.4.4 Non-dedicated support industries

Among the non-dedicated support industries, the industry with the highest contribution is trade, followed by transportation, as can be seen in the following table (Table 17).

Table 17: Composition of non-dedicated support industries

ISIC Census description	2003	2004	2005	2006	2007	2008
Wholesale and retail trade	54.8%	56.5%	58.2%	59.3%	60.8%	64.4%
Transport	34.8%	32.7%	30.6%	28.2%	26.5%	22.1%
Post and telecommunications	10.5%	10.8%	11.3%	12.5%	12.7%	13.5%
Non-dedicated support CBI total	100%	100%	100%	100%	100%	100%

Source: Authors' estimation

4.5 CBIs' real growth

The dynamics of CBIs during the period can be seen in the following table (table 18), where the inter-annual growth rates for CBIs and GDP (at 1993 prices) are presented.

As can be observed, for the above mentioned period, CBIs in general are more dynamic than the whole economy. In all the years considered in the series, CBIs present greater growth rates. This behavior can mainly be explained by the importance that interdependent activities have attained; though in general (with the exception of 2008) all the industries grew at a higher rate than GDP.

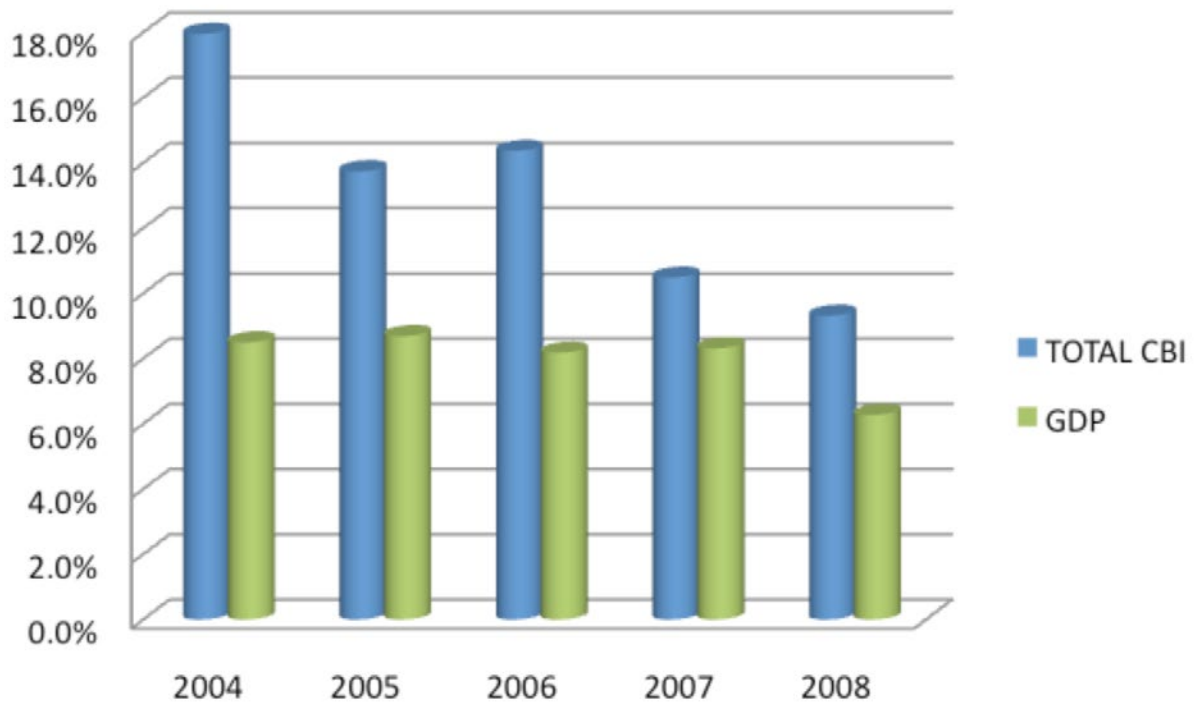
Table 18: CBIs' and GDP growth rates

	2004	2005	2006	2007	2008
Core	13.6%	11.5%	13.7%	10.6%	12.2%
Interdependent	36.3%	21.5%	19.5%	10.2%	4.2%
Partial	16.9%	13.8%	10.9%	10.0%	5.0%
Support	13.0%	10.9%	9.6%	11.5%	7.8%
TOTAL CBI	18.0%	13.7%	14.4%	10.5%	9.3%
GDP	8.5%	8.7%	8.2%	8.3%	6.3%

Source: Own estimates

As Figure 4 below shows, the dynamism of CBIs' activities was greater than that of GDP, demonstrating the increasing importance that these industries acquire when the economy grows.

Figure 4: Real growth of GDP and CBIs



Source: own estimates and National Accounts

5. EMPLOYMENT IN THE COPYRIGHT-BASED INDUSTRIES

The employment measurement for CBI was carried out for the same economic activities as the ones considered for value added estimations, for those in the core industries as well as for those in the interdependent industries, partial copyright industries and non-dedicated support industries, respecting in each case the correction factors used in each of these industries.

Labor input, the number of people employed, can be estimated in National Accounts in terms of jobs, equivalent jobs or hours worked. According to SNA 93, jobs are the contracts (explicit or implicit) between a person and an institutional unit in order to carry out an activity in exchange for remuneration (or mixed income) during a definite or indefinite period of time. The number of jobs does not coincide with the number of working people because a person who declares herself to be working can have more than one job; she can also perform secondary activities and other activities.

Given that the economic census measures jobs, this variable will be taken into consideration in order to measure CBI employment.

In the socio demographic sources, jobs by activity and by category are estimated, adding to the people working, their secondary occupation and the other occupations by activity and by category.

5.1 Sources of information

Sources of information for measuring employment in CBIs are the following:

(a) **National Economic Census 2003/2004**

As has previously been mentioned, the economic census provides information on registered jobs by activity from the information supplied by firms. For this reason, it is compatible with their value added.

(b) **Continuous Household Survey**

This allows one to obtain jobs by occupational category, for registered as well as for non-registered jobs, information from which the adjustment for the non-observed economy is made.

(c) **Income Generation Account**

Until 2007, the National Accounts published an income generation account. With this information, the extrapolation of the 2003 estimation was done by activity. Given that this publication was discontinued, for 2008 the estimation of jobs for CBIs was based on the Argentine Integrated Provisional System (SIPA) which constitutes a registry of wage-earners.

5.2 Some characteristics of the Argentinian labor market and its evolution

The 2003-2007 period was one of constant growth in jobs. The growth of the labor market during this period is a result of the recovery following the 1998-2001 recession and the 2001-2002 crisis. As a consequence of the effect of the initial strong reduction in labor costs caused by the 2002 devaluation and the increase in the level of activity which started in that year, the labor market experienced a huge positive reaction.

The following table (Table 19) shows how total jobs grow from 13.9 million in 2003 to 17 million in 2007, mainly due to the increase in registered wage-earners. This dynamic occurs in a context of economic recovery, with high rates of GDP growth, increased employment elasticity of output and a depreciation of the local currency (Coremberg, 2012).

Table 19: Number of jobs, by category

Jobs by category (in thousands)					
	2003	2004	2005	2006	2007
Total jobs	13,907	14,911	15,587	16,453	17,047
<i>Wage-earners</i>	<i>9,997</i>	<i>10,896</i>	<i>11,537</i>	<i>12,298</i>	<i>12,885</i>
Registered wage-earners	5,916	6,408	6,991	7,607	8,184
Non-registered wage-earners	4,080	4,487	4,545	4,692	4,701
<i>Non-wage-earners</i>	<i>3,910</i>	<i>4,015</i>	<i>4,050</i>	<i>4,155</i>	<i>4,162</i>

Source: National Accounts

Wage-earners increased their contribution from 72% of total jobs to 76%, while the non-wage-earners reduced their contribution.

Table 20: Contribution of jobs, by category

Contribution of jobs by category %					
	2003	2004	2005	2006	2007
Total Jobs	100%	100%	100%	100%	100%
<i>Wage-earners</i>	<i>72%</i>	<i>73%</i>	<i>74%</i>	<i>75%</i>	<i>76%</i>
Registered wage-earners	43%	43%	45%	46%	48%
Non-registered wage-earners	29%	30%	29%	29%	28%
<i>Non-wage-earners</i>	<i>28%</i>	<i>27%</i>	<i>26%</i>	<i>25%</i>	<i>24%</i>

Source: National Accounts

Among the wage-earners, the registered ones consistently increased their contribution.

However, the high proportion of non-registered employees and freelance workers must be highlighted. These partly represent the hidden salary relationships (continuous subcontracting of professionals and non-professionals in the private sector in large, medium and small firms, as well as in the public sector), which indicates a high degree of informality in the country, a phenomenon similar to the average in Latin America and which justifies the adjustment for the non-observed economy (NOE) carried out in this study to attain exhaustiveness in GDP.

Table 21: Wage-earners' contribution to jobs

Wage-earners' contribution %					
	2003	2004	2005	2006	2007
Wage-earners	100%	100%	100%	100%	100%
Registered wage-earners	59%	59%	61%	62%	64%
Non-registered wage-earners	41%	41%	39%	38%	36%

Source: National Accounts

Analyzing the sectoral composition of employment, the sector with the highest contribution is trade, followed by education, social and health services and manufacturing (Table 22).

Table 22: Jobs by activity

Jobs by activity (in thousands)					
	2003	2004	2005	2006	2007
Agriculture, hunting and forestry	1,243	1,270	1,229	1,277	1,275
Fishing	22	22	22	25	24
Mining and quarrying	45	52	57	66	74
Manufacturing	1,857	1,976	2,060	2,126	2,204
Electricity, gas and water supply	77	82	82	84	86
Construction	897	1,097	1,230	1,364	1,447
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	2,700	2,858	2,891	3,053	3,103
Hotels and restaurants	405	461	477	539	579
Transport, storage and communications	928	955	1,011	1,026	1,140
Financial intermediation	191	199	210	228	253
Real estate, renting and business activities	938	1,034	1,160	1,304	1,394
Public administration and defense	867	883	913	953	970
Education, health and social work	2,121	2,192	2,285	2,389	2,439
Other community, social and personal service activities	1,615	1,832	1,960	2,020	2,059
TOTAL	13,907	14,911	15,587	16,453	17,047

Source: National Accounts

In the following table (Table 23) one can observe the dynamics of the contribution of jobs by sector.

Trade, agriculture and farming and manufacturing are sectors which decreased their contribution in the period. Those sectors which increased their contribution are construction, hotels and restaurants and real estate, business and renting activities.

Table 23: Sector structure of jobs

Sector structure of jobs (in %)					
	2003	2004	2005	2006	2007
Agriculture, hunting and forestry	8.9%	8.5%	7.9%	7.8%	7.5%
Fishing	0.2%	0.1%	0.1%	0.1%	0.1%
Mining and quarrying	0.3%	0.4%	0.4%	0.4%	0.4%
Manufacturing	13.4%	13.2%	13.2%	12.9%	12.9%
Electricity, gas and water supply	0.6%	0.5%	0.5%	0.5%	0.5%
Construction	6.5%	7.4%	7.9%	8.3%	8.5%
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	19.4%	19.2%	18.5%	18.6%	18.2%
Hotels and restaurants	2.9%	3.1%	3.1%	3.3%	3.4%
Transport, storage and communications	6.7%	6.4%	6.5%	6.2%	6.7%
Financial intermediation	1.4%	1.3%	1.3%	1.4%	1.5%
Real estate, renting and business activities	6.7%	6.9%	7.4%	7.9%	8.2%

Table 23: Sector structure of jobs (continued)

Public administration and defense	6.2%	5.9%	5.9%	5.8%	5.7%
Education, health and social work	15.3%	14.7%	14.7%	14.5%	14.3%
Other community, social and personal service activities	11.6%	12.3%	12.6%	12.3%	12.1%
TOTAL	100%	100%	100%	100%	100%

Source: National Accounts

5.3 Employment in CBIs

Next, the results of measuring the jobs generated by copyright-based industries are presented for the 2003-2008 period, according to the estimates based in the economic census, the adjustment for non-observed economy and the income generation account published by National Accounts.

In 2003 CBIs generated 369,000 jobs, 243,000 of which were originated in the core industries. By 2008 employment in CBIs was 532,000 jobs, 361,000 of which originated in the core industries (Table 24).

Table 24: Jobs by type of CBI (in thousands)

CBI	2003	2004	2005	2006	2007	2008
Core	243	278	302	313	335	361
Interdependent	46	49	51	54	56	60
Partial	57	62	66	72	75	81
Support	23	25	25	27	28	30
TOTAL	369	414	444	466	494	532

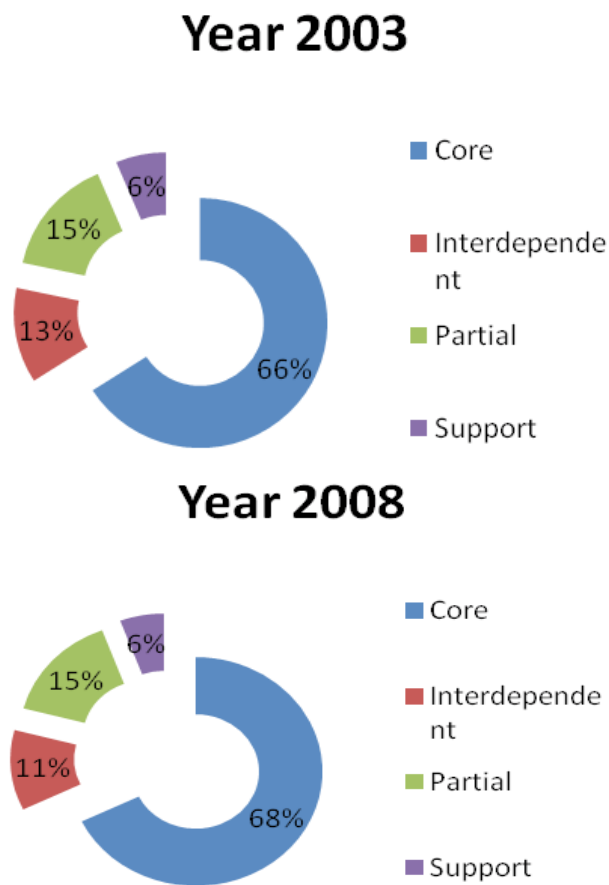
Source: Own estimates

Jobs in the core industries contributed 66% of CBIs jobs.

Interdependent industries participated with 12.4% of CBI jobs, partially dependent industries contributed 15.3% of jobs, while non-dedicated support industries represented 6.4% of total CBI jobs in 2003.

In 2008 there was an increase in the contribution of core industries against the contribution of interdependent and non-dedicated support industries. Partially dependent industries maintain their contribution (see Figure 5).

Figure 5: Employment contribution of CBI

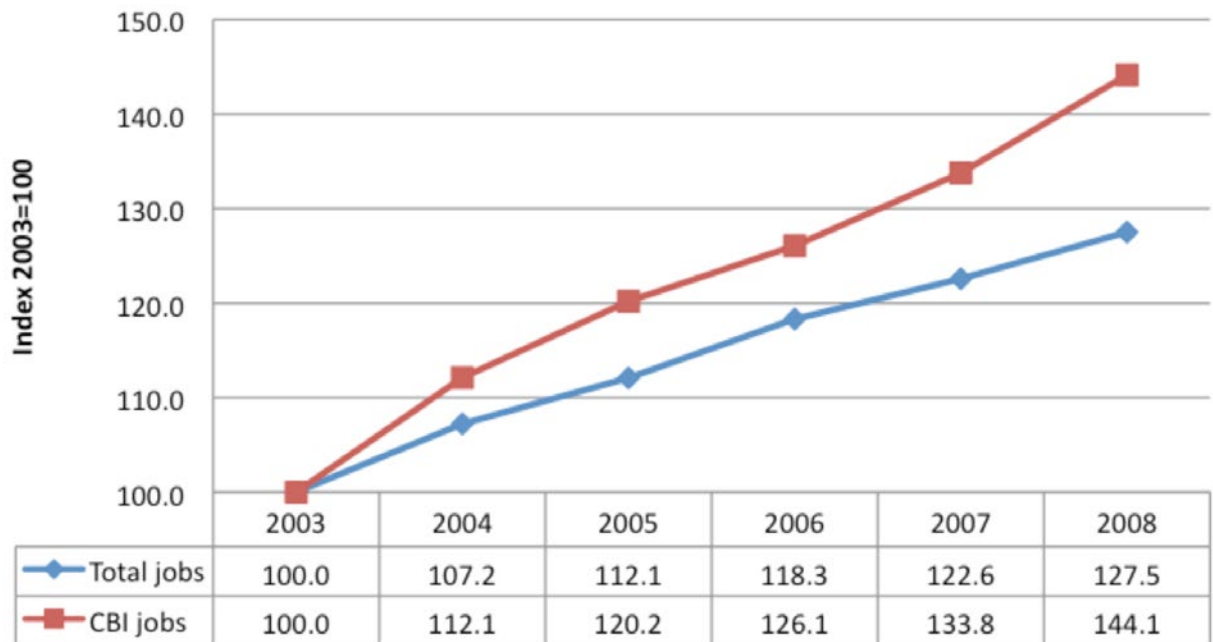


Source: Own estimates

Analyzing the evolution of the generated employment, CBIs present a dynamism in the creation of employment which is higher than the average of the economy. A similar behavior is found for production.

The following graph (Figure 6) shows that while jobs in the whole economy increased by 27%, CBIs' jobs grew by 44% in the period under study, the core industries being the most notable with an increase of 48%.

Figure 6: Jobs growth



Source: own estimates

In this way, CBIs increased their contribution from 2.7% of total jobs to 3% in 2008, period during which the core industries increased their contribution from 1.8% to 2% in the total jobs of the economy.

Table 25: CBI jobs (in % of total jobs)

CBI	2003	2004	2005	2006	2007	2008
Core	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%
Interdependent	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Partial	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
Support	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
TOTAL	2.7%	2.8%	2.8%	2.8%	2.9%	3.0%

Source: Own estimates

Regarding the employment growth in the CBIs – even higher than the spectacular growth of total employment – some explanatory factors have to be added to those already mentioned for the whole economy, such as sectoral policies to promote cultural activities and, in general, applying to activities related to copyright.²¹

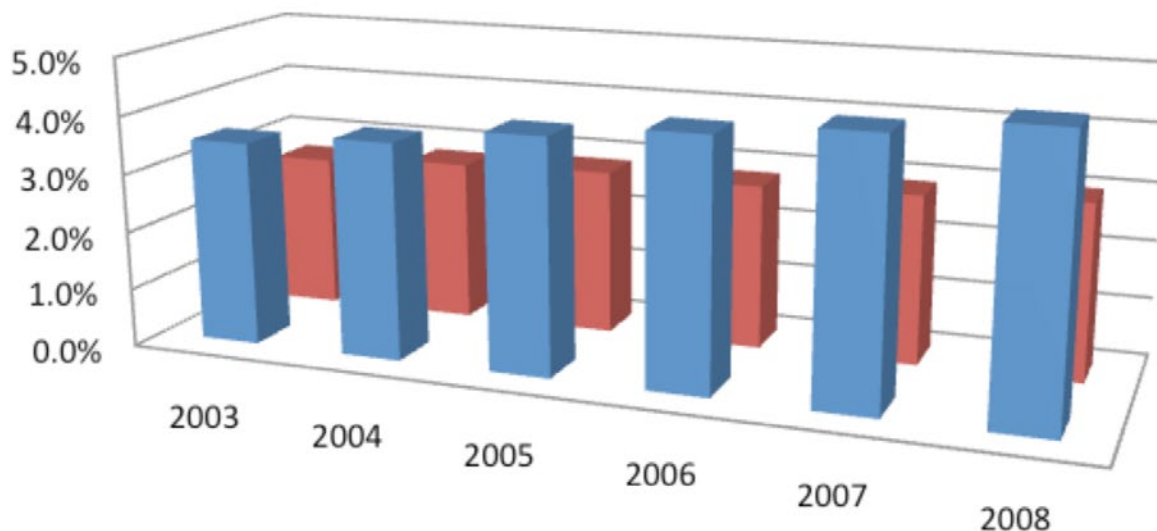
²¹ See in section 8 some references regarding public policies implemented and other relevant variables that have affected the dynamics of the main industries.

5.4 CBIs' contribution to value added and employment

The following chart (Figure 7) shows the CBIs' contribution to GDP and employment in the 2003-2008 period.

As can be seen, CBIs' contribution was higher in terms of value added than in terms of employment. In addition, the contribution in value added grew during the period while that of employment remained stable, circa 3%.

Figure 7: CBIs' contribution to GDP and employment



	2003	2004	2005	2006	2007	2008
% Value added	3.5%	3.7%	4.0%	4.3%	4.5%	4.7%
% Jobs	2.7%	2.8%	2.8%	2.8%	2.9%	3.0%

Source: Own estimates

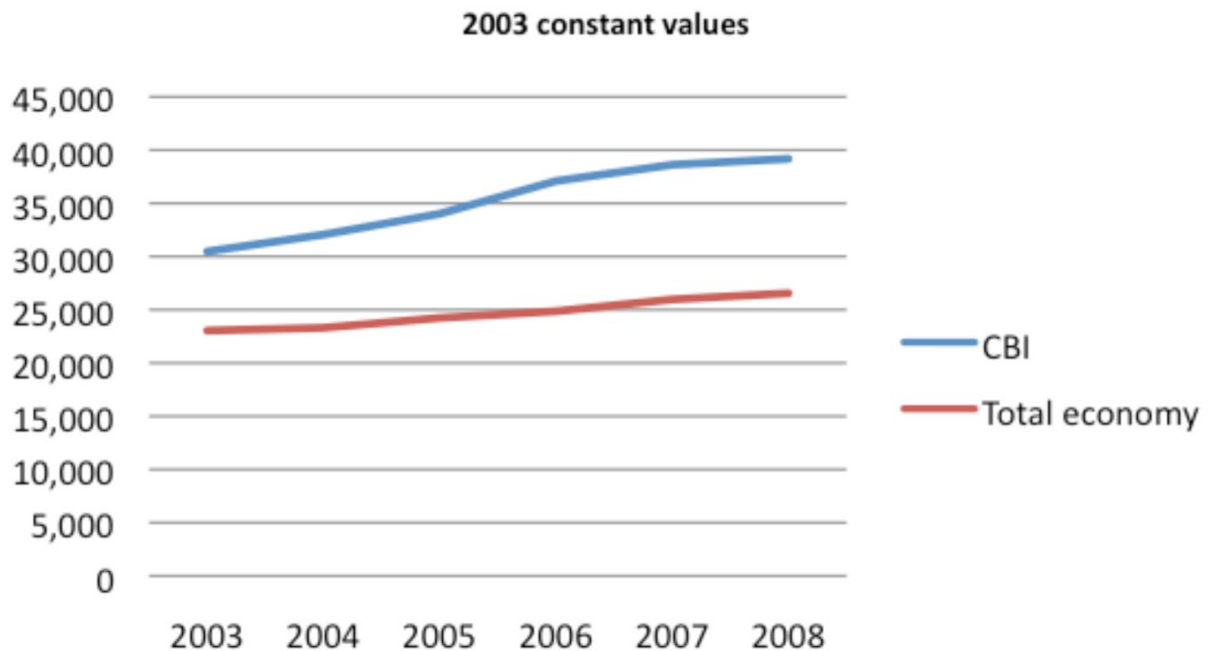
With this information it is possible to conclude that CBI average productivity (value added per job) grew during the period under study.

Taking productivity at constant prices in order to isolate the price effect of the period, the increase in CBIs' productivity amounted to 29%, while the average of the whole economy was 15%. Once again, CBIs' dynamism, now in terms of labor productivity, was higher than the average of the economy.

Likewise, CBIs' level of average productivity is higher than the economy's average productivity. In 2003 the CBIs' productivity was 33% higher than the average productivity of the Argentine economy. Measured at constant prices, this relationship was 47% in 2008 with a peak of 49% in 2006.

In order to illustrate this point, the following chart is presented (Figure 8):

Figure 8: Productivity



Source: Own estimates

For a more comprehensive and summarized approach, the following tables (Tables 26-28) illustrate the value added and the employment contribution of each subsector to each type of industry.²²

Among core CBIs (Table 26), the most notable contribution to value added and employment was made by subgroup 1 (press and literature), followed by 6 (software and databases) and 4 (radio and television). The press and literature subgroup participated with 32.2% and 28% in the VA for the years 2003 and 2008 respectively. For the same periods, software contributed 25.6% and 30.7% and the radio and television subgroup 23.3% and 19.4%. As regards employment, press and literature contributed 28.5% and 26.9% in 2003 and 2008 respectively; software and databases 21% and 23%, and radio and television 13.1% and 13.8% respectively.

Within the interdependent CBIs (Table 27), the participation of subgroup 1 stands out (TV sets, radios, etc.) as it contributed 38.9% and 42.2% to the VA of 2003 and 2008 respectively. As regards employment, the subgroup contributed 35.7% and 38% for the same years. The next position in terms of VA was held by subgroup 2 (computers and equipment); though in terms of employment, the second place was taken by subgroup 7 (paper).

As for partial CBIs (Table 28), the outstanding contribution and behavior came from subgroup 8 (architecture, engineering, surveying). This sector contributed 28% of value added in 2003, increasing to 39% in 2008. Employment also reflected this growth, going from 29% to 33% during the period.

²²The figures at the level of sub-sectors are approximate, because many industries do not have the information for disaggregated ISIC branches belonging to more than one subsector.

Table 26: Economic contribution of core CBIs by subgroup

	Core CBI by subgroup		Value added (thousand pesos)		Employment (number of jobs)		Value added (% GDP)		Employment (% total jobs)		Value added (% core CBI)		Employment (% core CBI jobs)	
	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008
1	2,297,545	8,001,632	69,506	96,982	0.72%	0.95%	0.50%	0.55%	32.2%	28.9%	28.6%	26.9%		
2	219,530	782,867	22,834	29,993	0.07%	0.09%	0.16%	0.17%	3.1%	2.8%	9.4%	8.3%		
3	337,934	1,318,285	17,627	25,081	0.11%	0.16%	0.13%	0.14%	4.7%	4.8%	7.2%	6.9%		
4	1,663,639	5,358,234	31,990	49,661	0.52%	0.64%	0.23%	0.28%	23.3%	19.4%	13.1%	13.8%		
5	187,817	737,527	14,835	23,291	0.06%	0.09%	0.11%	0.13%	2.6%	2.7%	6.1%	6.5%		
6	1,831,254	8,505,701	51,167	82,882	0.57%	1.01%	0.37%	0.47%	25.6%	30.7%	21.0%	23.0%		
7	57,170	247,935	4,573	6,943	0.02%	0.03%	0.03%	0.04%	0.8%	0.9%	1.9%	1.9%		
8	477,721	2,453,039	19,006	30,787	0.15%	0.29%	0.14%	0.17%	6.7%	8.9%	7.8%	8.5%		
9	69,787	267,005	11,902	15,388	0.02%	0.03%	0.09%	0.09%	1.0%	1.0%	4.9%	4.3%		
	7,142,397	27,672,225	243,440	361,008	2.23%	3.30%	1.75%	2.04%	100%	100%	100%	100%		

Source: own estimates

Table 27: Economic Contribution of interdependent CBI by subgroup

	Value added (thousands of pesos)		Employment (number of jobs)		Value added (% GDP)		Employment (% total jobs)		Value added (% interdependent CBI)		Employment (% interdependent CBI jobs)	
	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008
Interdependent CBI by subgroup												
1	767,895	2,134,479	16,396	22,239	0.24%	0.25%	0.12%	0.13%	38.9%	42.2%	35.8%	37.0%
2	512,646	1,240,925	4,601	6,444	0.16%	0.15%	0.03%	0.04%	26.0%	24.5%	10.0%	10.7%
3	132,556	371,589	2,733	3,459	0.04%	0.04%	0.02%	0.02%	6.7%	7.3%	6.0%	5.8%
4	156,557	443,140	7,394	9,280	0.05%	0.05%	0.05%	0.05%	7.9%	8.8%	16.1%	15.4%
5	20,835	58,195	349	438	0.01%	0.01%	0.00%	0.00%	1.1%	1.2%	0.8%	0.7%
6	27,609	77,525	739	927	0.01%	0.01%	0.01%	0.01%	1.4%	1.5%	1.6%	1.5%
7	356,404	733,123	13,613	17,336	0.11%	0.09%	0.10%	0.10%	18.1%	14.5%	29.7%	28.8%
Interdependent CBI total	1,974,502	5,058,976	45,824	60,124	0.62%	0.60%	0.33%	0.34%	100%	100%	100%	100%

Source: own estimates

Table 28: Economic contribution of partial CBI by subgroup

	Value added (thousands of pesos)		Employment (number of jobs)		Value added (% GDP)		Employment (% total jobs)		Value added (% partial CBI)		Employment (% partial CBI jobs)	
	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008
Partial CBI by subgroup												
1 Apparel, textiles and footwear	263,002	1,052,115	12,007	15,914	0.08%	0.13%	0.09%	0.09%	19.8%	20.4%	21.2%	19.6%
2 Jewelry and coins	39,487	109,620	2,368	2,991	0.01%	0.01%	0.02%	0.02%	3.0%	2.1%	4.2%	3.7%
3 Other crafts	17,840	50,905	1,337	1,678	0.01%	0.01%	0.01%	0.01%	1.3%	1.0%	2.4%	2.1%
4 Furniture, fittings and furnishing	58,294	124,841	5,075	7,346	0.02%	0.01%	0.04%	0.04%	4.4%	2.4%	9.0%	9.0%
5 Household goods, china and glass	152,979	470,692	5,181	6,800	0.05%	0.06%	0.04%	0.04%	11.5%	9.1%	9.2%	8.4%
6 Wall coverings and carpet	33,786	52,900	451	639	0.01%	0.01%	0.00%	0.00%	2.5%	1.0%	0.8%	0.8%
7 Toys and games	278,119	777,168	7,708	9,692	0.09%	0.09%	0.06%	0.05%	20.9%	15.1%	13.6%	11.9%
8 Architecture, engineering and surveying	369,838	2,015,306	16,548	26,805	0.12%	0.24%	0.12%	0.15%	27.8%	39.1%	29.2%	33.0%
9 Interior design	110,890	475,138	5,253	8,509	0.03%	0.06%	0.04%	0.05%	8.3%	9.2%	9.3%	10.5%
10 Museums	6,003	21,668	689	891	0.00%	0.00%	0.00%	0.01%	0.5%	0.4%	1.2%	1.1%
Partial CBItotal	1,330,236	5,150,352	56,618	81,266	0.41%	0.61%	0.41%	0.46%	100%	100%	100%	100%

Source: own estimates

6. CBIs IN THE ARGENTINIAN FOREIGN SECTOR

According to the WIPO Guide (2003), the position of a national industry linked to copyrights, in relation to the imports and exports of a country, is a relevant indicator for public policy.

At the same time, it is important to compile these statistics because many products protected by copyright (such as books, music, movies, etc.) supply the world markets and reveal the specific role that copyrights have, as part of intellectual property, in international trade negotiations.

This section presents the exports and imports of merchandise and services of CBIs contextualized in Argentine foreign trade as a whole.

6.1 Sources of information on Foreign Trade

The following are the main sources of information used to quantify CBIs' foreign trade.

(a) General Directorate of Customs (DGA) and INDEC

The foreign trade statistics are registered by the General Directorate of Customs (DGA), an agency of the Federal Administration of Public Income (AFIP). The classification used to register exports and imports is the Common Mercosur Classification based on the harmonized system.

In every case, the Directorate of Statistics of Foreign Trade (INDEC) is responsible for the quality control of the data (validations and consistencies). Likewise, INDEC processes the information for the Balance of Payments as well as for the National Accounts by ISIC revision 3.

(b) National Directorate of International Accounts

The National Directorate of International Accounts is in charge of statistics on the Balance of Payments for Argentina. For this task, the Directorate follows the guidelines of the IMF's Balance of Payments Handbook.

The Directorate publishes quarterly results for the current account (merchandise and services). In the case of merchandise (or goods), the publication does not show the disaggregation needed for this research, but it was used for some analysis related to the foreign trade of services. Likewise, a disaggregation of the royalty account, which allows identifying copyrights foreign trade, has been requested.

6.2 Argentinian foreign trade

The following table (Table 29) summarizes Argentine exports and imports by type of product and growth for the 2003-2008 period.

Table 29: Exports and Imports of Goods

	In millions of US dollars					
	2003	2004	2005	2006	2007	2008
Exports FOB	29,939	34,576	40,387	46,546	55,980	70,019
Primary products	6,471	6,852	8,110	8,625	12,485	16,202
Manufactures of agricultural origin	10,004	11,927	13,142	15,265	19,214	23,906
Manufactures of industrial origin	8,047	9,616	11,985	14,843	17,333	22,063
Fuel and energy	5,417	6,181	7,150	7,813	6,949	7,848
Imports CIF	13,851	22,445	28,687	34,154	44,708	57,463
Capital goods	2,495	5,331	7,011	8,201	10,397	12,668
Intermediate goods	6,267	8,632	10,376	11,918	15,371	20,226
Fuels	550	1,003	1,545	1,732	2,845	4,333

Table 29: Exports and Imports of Goods (continued)

Parts for capital goods	2,262	3,622	4,858	6,175	8,065	9,959
Consumption goods	1,756	2,501	3,162	3,970	5,208	6,292
Vehicles and passenger automobiles	509	1,197	1,603	2,038	2,709	3,874
Other	13	158	132	119	114	111
Balance	16,088	12,130	11,700	12,393	11,273	12,556

Source: INDEC

In the following table (Table 30) one can observe the composition of exports for the period. As can be appreciated, the main Argentine exports are agricultural and farming products. The exports of commodities plus exports of manufactures of agricultural and farming origin totaled half of the total export of the country.²³

Table 30: Exports composition

Exports	2003	2004	2005	2006	2007	2008
Primary products	22%	20%	20%	19%	22%	23%
Manufactures of agricultural origin	33%	34%	33%	33%	34%	34%
Manufactures of industrial origin	27%	28%	30%	32%	31%	32%
Fuel and energy	18%	18%	18%	17%	12%	11%

Source: INDEC

6.3 CBIs' Foreign Trade

In the case of foreign trade, the list of activities corresponding to exported and imported goods is shorter than the list of CBIs according to the value added.

In principle, activities related to wholesale and retail trade are not linked to foreign trade because they are non-tradable activities. Therefore the activities that are considered in the estimation are limited, mainly, to activities related to production of goods.

The following table (Table 31) shows the activities considered for exports and imports of goods.

Table 31: List of ISIC activities included in CBIs' foreign trade

Economic Activity	Act N°	ISIC Rev.3.1.
Publishing of books	1	2211
Publishing of newspapers	1	2212
Other publishing	1	2219
Printing	1	2221
Service activities related to printing	1	2222
Software consultancy and supply	1	7221
Photographic activities	1	7494
Motion picture and video production and distribution	1	9211
Dramatic arts, music and other arts activities	1	9214
Manufacture of pulp, paper and paperboard	2	2101
Manufacture of office, accounting and computing machinery	2	3000

²³ For more detail, see Annex 4.

Table 31: List of ISIC activities included in CBIs' foreign trade (continued)

Manufacture of television and radio receivers, sound or video recording or reproducing apparatus, and associated goods	2	3230
Manufacture of optical instruments and photographic equipment	2	3320
Other manufacturing n.e.c. (musical instruments)	2	3692
Manufacture of made-up textile articles, except apparel	3	1721
Manufacture of other textiles n.e.c.	3	1722
Manufacture of wearing apparel, except fur apparel	3	1810
Manufacture of footwear	3	1920
Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	3	2029
Manufacture of other articles of paper and paperboard	3	2109
Manufacture of glass and glass products	3	2610
Manufacture of other fabricated metal products n.e.c.	3	2899
Manufacture of furniture	3	3610
Manufacture of jewelry and coins	3	3691
Manufacture of games and toys	3	3694
Architectural and engineering activities and related technical consultancy	3	7421

Source: This study

Notes: 1: Core; 2: Interdependent; 3: Partial

In order to quantify foreign trade, it was necessary to use a conversion table for the Common Mercosur Classifier, based on the harmonized system, and use it for the export and imports items to convert them to ISIC revision 3.

In the period 2003-2008, some changes were made to the Classifier, which must be specially taken into account in order to correctly make the conversion to ISIC.

6.4 Exports

In the case of exports, after processing the foreign trade database with ISIC using the converters for each year, both the statistical correction coefficients and the copyright factors were analyzed. Several cases were identified where the participation of products protected by copyright in each ISIC classification was not necessarily the same in exports and in value added.

In those cases, specific correction factors for exports were estimated, subject to the available information. For the rest, the correction factor applied for the value added estimate was used.

Industries with specific correction factor for exports are the following:

Publishing: In this case, all the exports are protected by copyright.

Pre-printing, printing, post-printing of books, magazines, newspapers and advertising material: All exports refer to the products listed here; commercial books, bills, tickets and brochures in general are not exported.

Photographic studios and commercial photography: Photo processing for the final consumer is not exported. This activity constitutes an important part of the content of this branch's production.

The following table shows CBI exports by type and by participation in total exports in the period under study.

Table 32: Exports

In thousands of US Dollars

Industry	2003	2004	2005	2006	2007	2008
Core	61,075	75,102	92,475	111,237	97,739	113,074
Interdependent	102,070	126,878	120,136	159,120	184,012	176,229
Partial	24,057	26,326	26,329	30,434	32,300	39,115
Total CBI exports	187,202	228,306	238,940	300,790	314,051	328,418
Total exports	29,938,753	34,575,734	40,386,767	46,546,203	55,980,309	70,018,839
CBI exports in total	0.6%	0.7%	0.6%	0.6%	0.6%	0.5%

Source: Own estimates

CBIs' exports represent a small proportion of total exports, accounting for only 0.6%. This result is the expected one, due to the fact that these activities are mainly related to the services sectors, which are less tradable than other activities such as substitutive industry or activities which are intensive in natural resources such as mining and farming sectors.

Table 33: Exports composition by type of industry

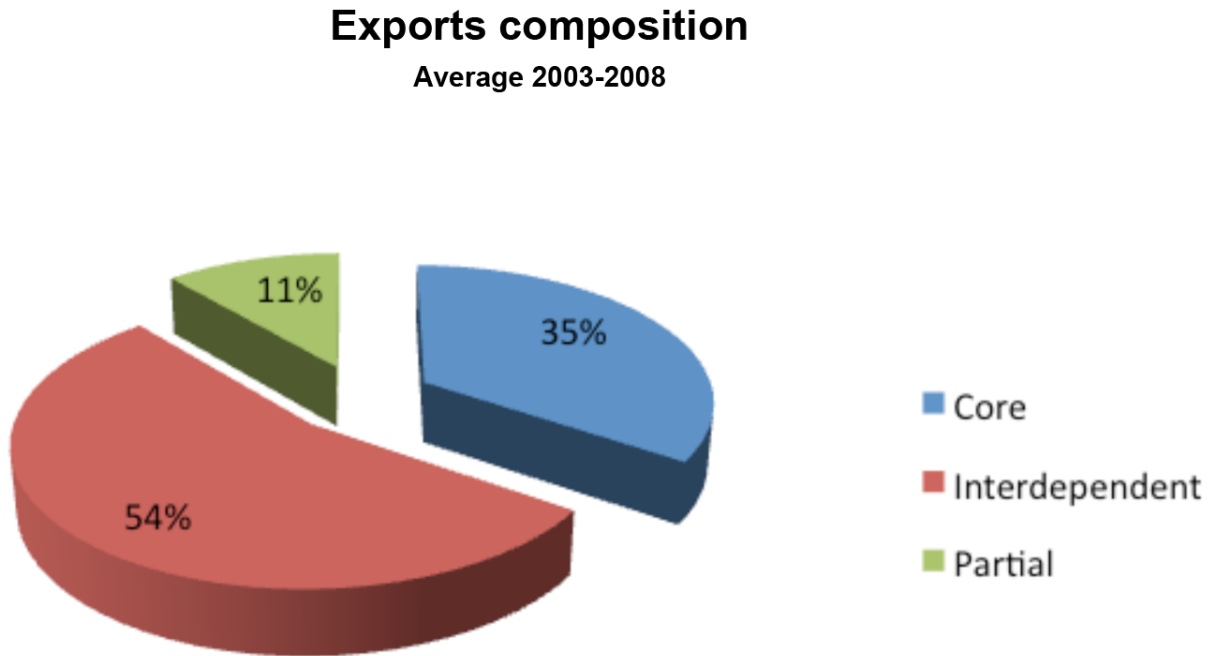
Industry	2003	2004	2005	2006	2007	2008
Core	33%	33%	39%	37%	31%	34%
Interdependent	55%	56%	50%	53%	59%	54%
Partial	13%	12%	11%	10%	10%	12%
Total CBI Exports	100%	100%	100%	100%	100%	100%

Source: Author's calculation

It can be observed that during the period studied there were no significant changes in the composition of exports. The following chart (Figure 9) shows the average contribution of each CBI industry.

Core industries exported between 33% and 34% of total CBI exports, with a peak of 35% in 2005. The industry with the largest contribution to exports of this type of industry was book publishing.

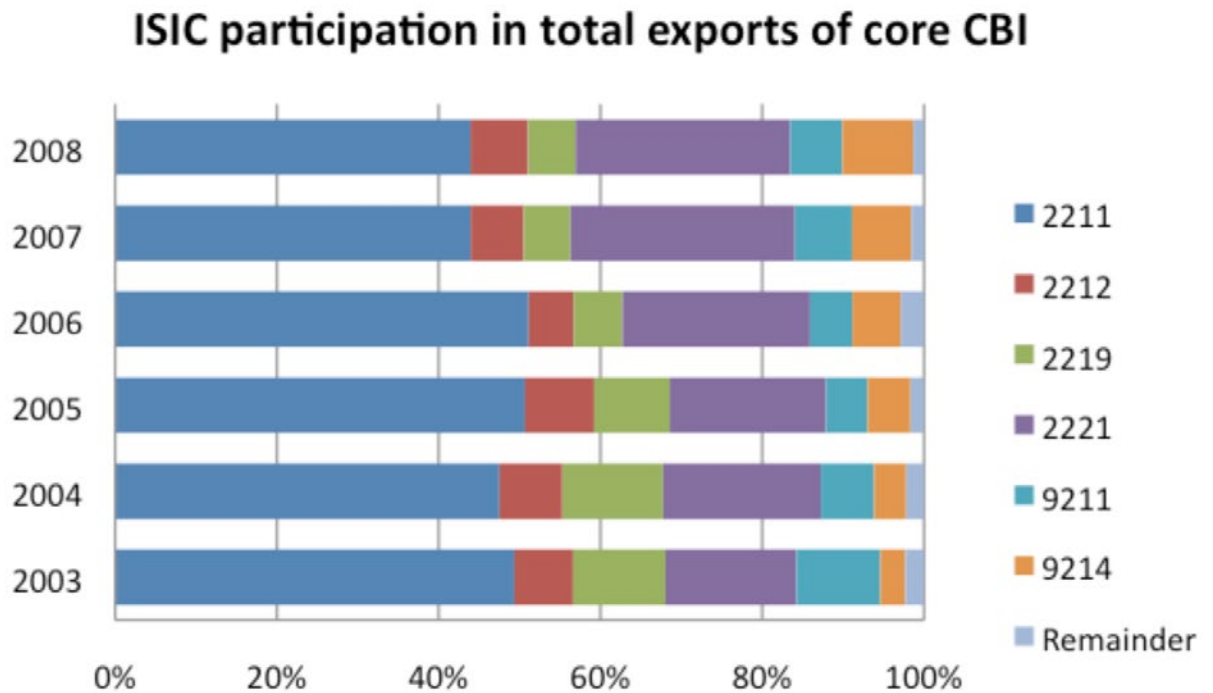
Figure 9: Composition of exports



Source: Own estimates

The following chart (Figure 10) shows the composition of exports by ISIC of the core industries during the period.

Figure 10: Exports by ISIC in the core industries



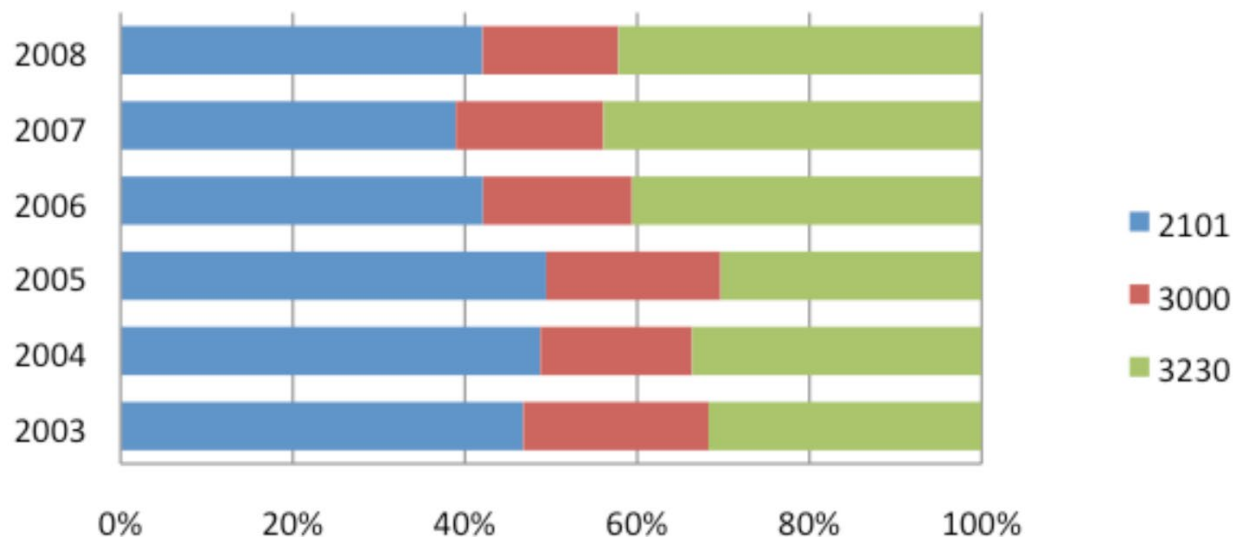
Source: Own estimates

The interdependent industries were the most important ones in terms of exports, participating on average with 55%, with a peak of 59% in 2007 and a minimum of 50% in 2005. The most important industries in

this category were paper manufacturing and TV, CD and DVD players manufacturing, etc. The following chart (Figure 11) shows the exports composition by ISIC of interdependent industries during the period.

Figure 11: Exports by ISIC in the interdependent industries

ISIC participation in total exports of interdependent CBI

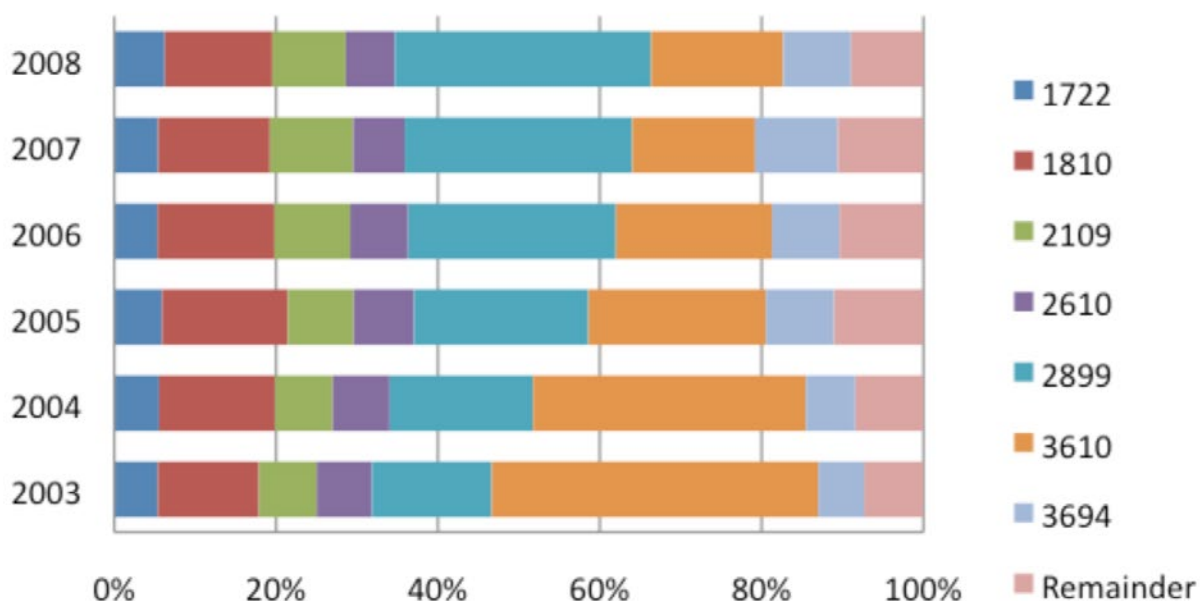


Source: Own estimates

The partially dependent industries contribute approximately 11% of exports. As can be seen in the next chart (Figure 12), the most important industries of this category are the manufacturing of appliances, porcelain and glass products and furniture.

Figure 12: Exports by ISIC in the partially dependent industries

ISIC participation in total exports of partial CBI



Source: Own estimates

6.5 Imports

In the case of imports, the same methodological process was followed as for exports. After converting the foreign trade database to ISIC, both the statistical correction coefficients and the copyright factors were analyzed. Cases were identified in which the participation of products protected by copyright in each ISIC classification was not necessarily the same in exports and in value added. Precisely, the country imports goods that are not produced locally.

If the information was available, specific correction factors for imports were estimated. In the rest of the industries, the same correction factor as applied to the value added was used.

Industries which have a specific correction factor for imports are:

Publishing: In this case all the imported material is protected by copyright.

Pre-printing, printing and post-printing of books, magazines, newspapers and advertising material: All imports are protected by copyright, thus the factor is one.

Photographic studios and commercial photography: there are no imports of photo processing for final consumers. This activity represents an important part of the value of production of this branch.

Paper: A coefficient was estimated to show the contribution of paper for press and printing paper for other uses to the total of imported paper. In order to make this estimation, the imports database by MERCOSUR classification was used without the conversion to ISIC.

Photographic and cinematographic instruments: This ISIC also includes optic elements. As mentioned in the explanation of value added, the greatest part of photographic and cinematographic equipment is imported. For this reason, in this instance, the coefficient used is greater than that applied for value added.

Musical Instruments: This activity is grouped with jewelry, bijouterie, sports articles, and manufacturing of games and toys. When the coefficient to estimate the value added was very low – due to the fact that the majority of these products are imported – the correction factor was re-estimated taking imports by customs classification.

In the following tables (Tables 34 & 35), CBI imports are shown by type and their contribution to total imports during the period under study.

Table 34: Imports

In thousands of US Dollars CIF

Industries	2003	2004	2005	2006	2007	2008
Core	73,903	112,467	161,022	180,282	142,540	194,685
Interdependent	918,879	1,516,702	2,098,335	2,456,960	2,688,538	2,991,307
Partial	33,075	51,165	65,317	82,650	106,755	142,116
CBI imports	1,025,857	1,680,334	2,324,673	2,719,892	2,937,833	3,328,108
Total imports	13,850,774	22,445,281	28,686,893	34,153,683	44,707,463	57,462,452
CBI imports in TOTAL	7.4%	7.5%	8.1%	8.0%	6.6%	5.8%

Source: Author's estimation

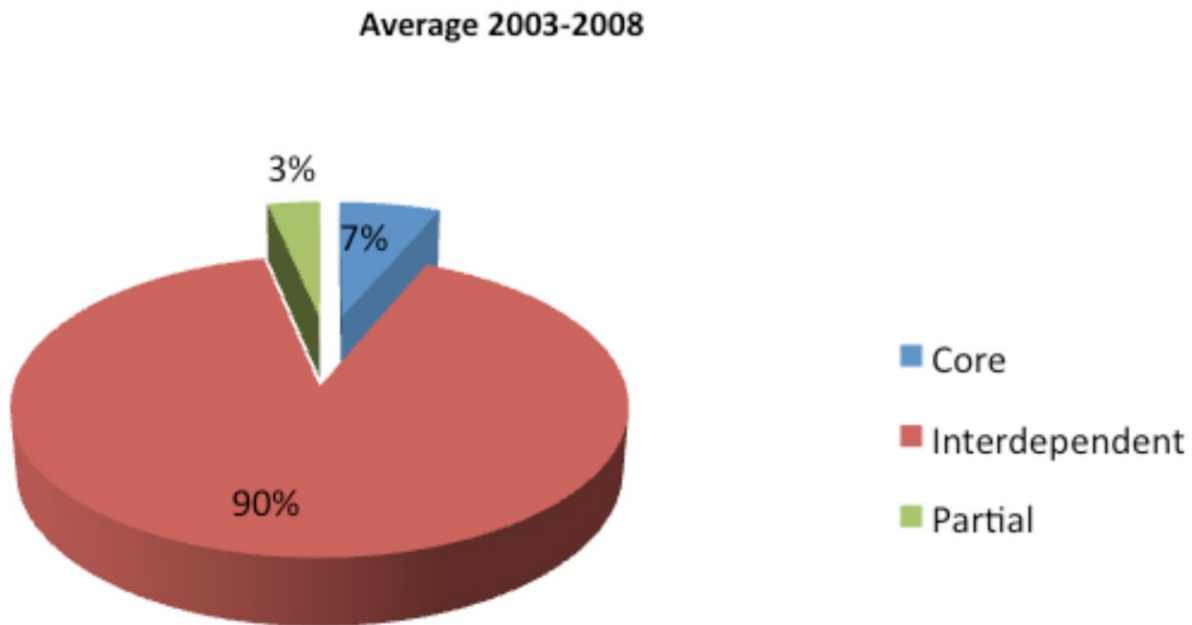
Table 35: Composition of imports by type of industry

	2003	2004	2005	2006	2007	2008
Core	7%	7%	7%	7%	5%	6%
Interdependent	90%	90%	90%	90%	92%	90%
Partial	3%	3%	3%	3%	4%	4%
CBI Imports	100%	100%	100%	100%	100%	100%

Source: Own estimates

In the following chart (Figure 13), the average contribution of each CBI industry in the total of CBI imports can be observed.

Figure 13: Composition of imports

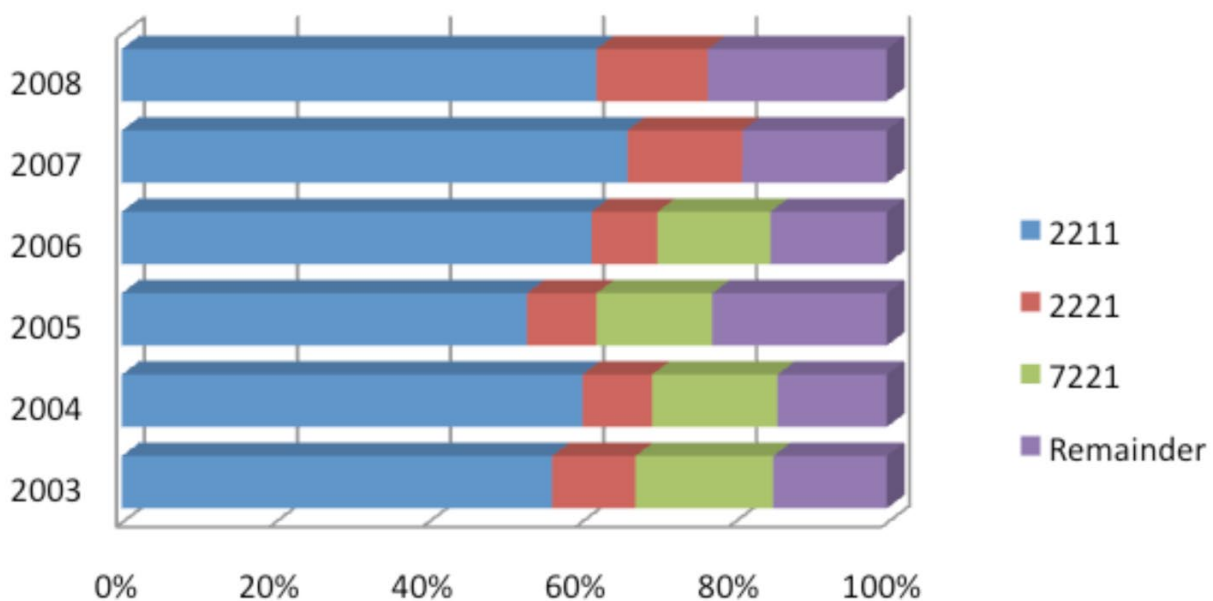


Source: Own estimates

In relation to the composition of imports of CBIs, the greatest part, 90%, refers to interdependent industries. Core industries participate with 7% and partially dependent industries with 3%.

Within core industries, the greatest part is related to books, as can be seen in the next chart (Figure 14).

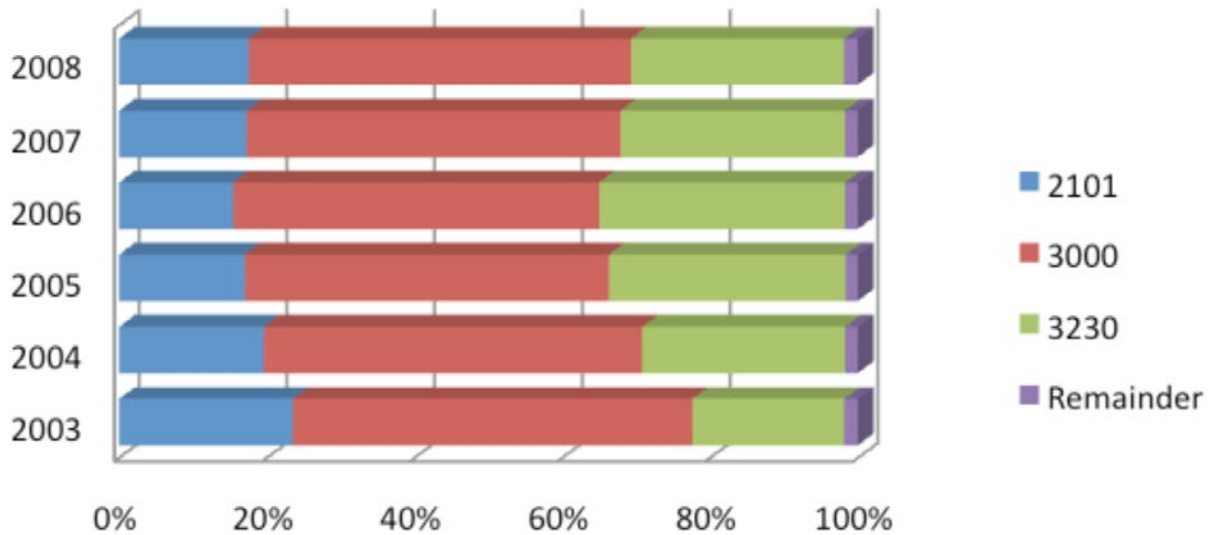
Figure 14: ISIC participation of core CBIs in total imports



Source: Own estimates

Within the imports of the interdependent industries, the ones that basically stand out are the imports of computers and equipment, followed by imports of TV, DVD and CD players, etc. as well as paper for newspapers and for printing in general (Figure 15).

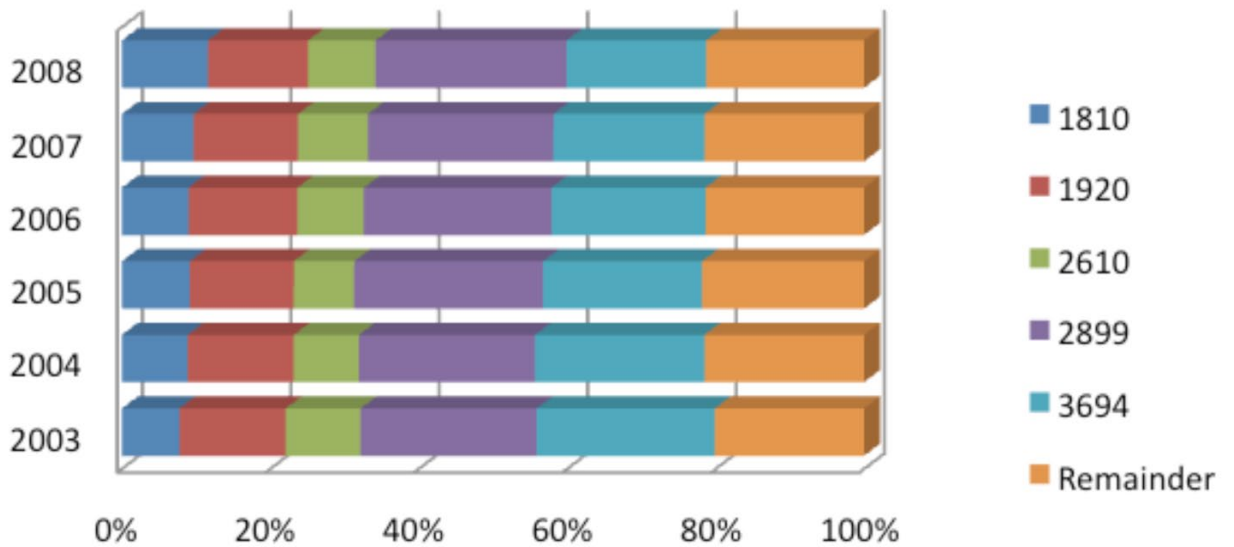
Figure 15: ISIC participation of interdependent CBI in total imports



Source: Own estimates

In the partially dependent industries (Figure 16), the main imports are domestic appliances, porcelain and glass products and games and toys.

Figure 16: ISIC participation of partial CBIs in total imports



Source: Own estimates

6.6 Trade balance of the CBIs

As shown in the next table (Table 36), the goods trade balance of the CBIs exhibited a deficit during all the period for all types of CBIs, that is to say, for core, interdependent and partially dependent industries.

Table 36: CBI Trade Balance

(in thousands of US Dollars)

Industries	2003	2004	2005	2006	2007	2008
Core	-12,828	-37,365	-68,547	-69,045	-44,801	-81,611
Interdependent	-816,809	-1,389,824	-1,978,198	-2,297,840	-2,504,526	-2,815,078
Partial	-9,018	-24,839	-38,987	-52,217	-74,455	-103,001
CBIs balance	-838,655	-1,452,028	-2,085,732	-2,419,102	-2,623,782	-2,999,690

Source: Own estimates

These estimates show that the country is a net importer of products coming from industries related to copyright. This deficit is determined by the high amount of imports of interdependent industries.

6.7 Exports and imports of services

Exports and imports of services related to CBIs are all transactions of non-factor services related to CBIs, that is to say, those transactions do not derive from factors of production but from services provision derived from the possession of real or financial goods.

In order to quantify the exports and imports of services, it was necessary to resort to the Balance of Payments estimates made by the Directorate of International Accounts of INDEC.

Computer and information services, advertising services, audio-visual services and royalties were identified and included in the estimation. Within royalties, copyrights were identified, due to the fact that the first category also includes licenses, patents and registered trademarks which should not be included.

Within services, the growth of computer and information services, advertising and audio-visual services stands out notably above their imports. Thanks to these services, the balance increased by a billion USD during the period under observation.

Export services grew during the period (from beginning to end) by 417% while imports grew by 153%.

All services had a positive balance during the entire period, which increased during the period, with the exception of royalties that presented a small negative balance.

In contrast to the goods trade balance, the services balance showed a surplus and, therefore, it can be concluded that during the period studied Argentina was a net exporter of services related to the copyright-based industries.

Table 37: Exports and imports of CBI services

(in millions of US dollars)

SERVICES	2003	2004	2005	2006	2007	2008
EXPORTS						
Computer and information	166	193	238	378	655	894
Copyright royalties	13	15	14	24	27	24
Advertising	45	97	174	240	313	403
Audio-visual	118	144	192	241	305	470
TOTAL	342	450	619	894	1299	1790
IMPORTS						
Computer and information	139	160	195	226	310	378
Copyright royalties	22	33	37	48	50	74
Advertising	18	24	21	37	41	65
Audio-visual	108	143	165	171	205	245
TOTAL	287	360	418	472	606	761
BALANCE						
Computer and information	26	33	43	152	344	516
Copyright royalties	-9	-18	-23	-24	-23	-50
Advertising	27	74	153	203	273	338
Audio-visual	10	1	27	69	100	225
TOTAL	54	90	200	400	693	1029

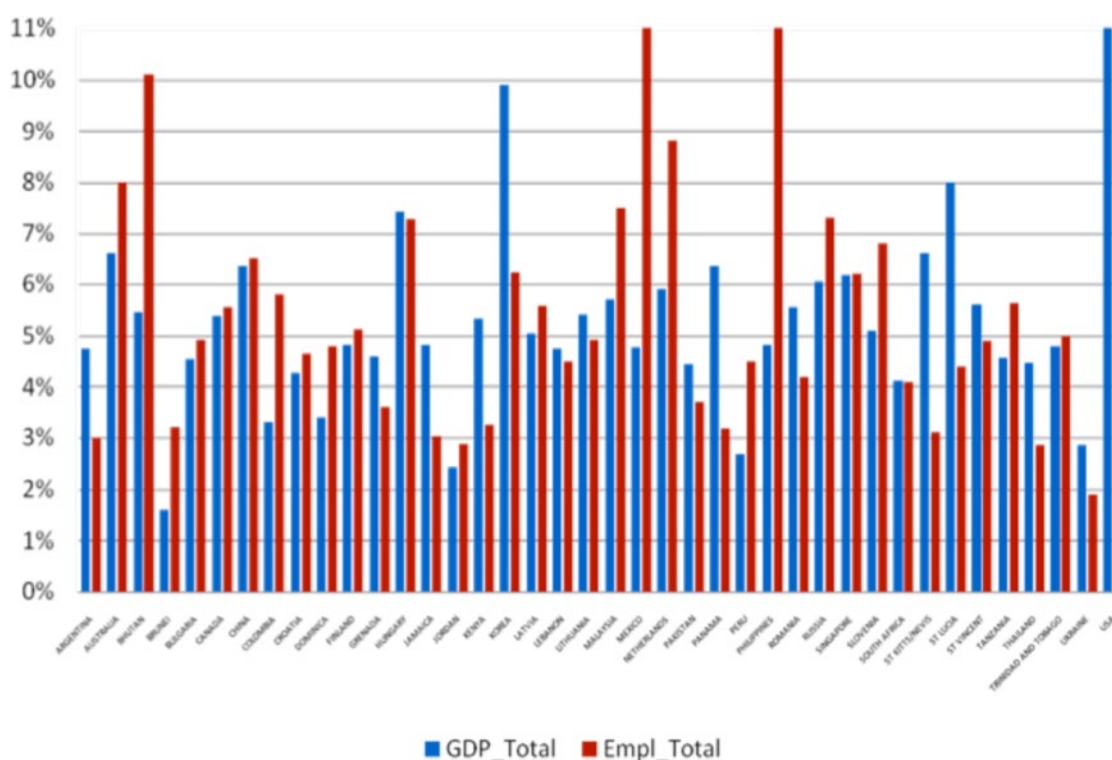
Source: Own estimates based on INDEC information.

7. INTERNATIONAL COMPARISONS OF CBI CONTRIBUTION TO GDP AND EMPLOYMENT

Recently, several countries have made studies similar to this one, based on the WIPO Guide (2003) that allows for comparisons based on a common methodology. This section compares the contribution of CBIs to GDP and employment in Argentina and other countries where similar studies have been carried out.

The next chart (Figure 17) shows the CBI contribution to GDP and to employment in each of these countries.

Figure 17: CBIs' contribution to GDP and employment



Source: WIPO and own estimates for Argentina

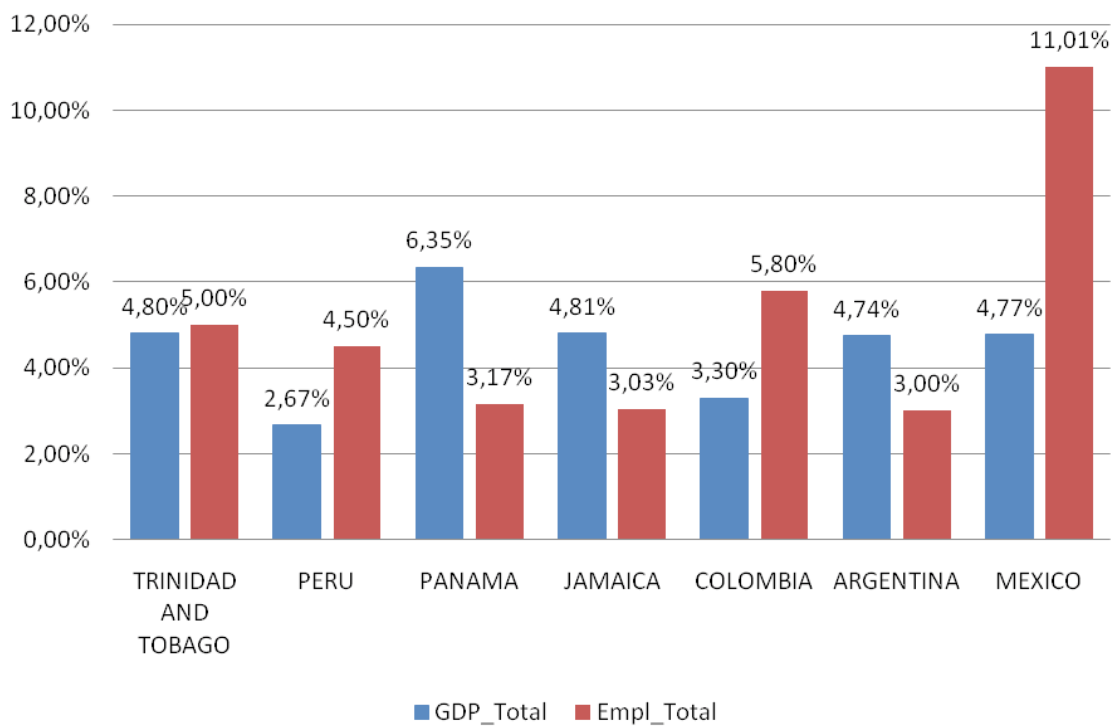
The highest contribution to GDP is in the USA, followed by Korea. In terms of employment, the highest contribution is from the CBIs of Mexico and the Philippines.

Within Latin America and other Central America countries, the highest contribution to GDP is in Panama, while the highest contribution to employment is made by CBIs in Mexico.

Argentina, with 4.8%, shows a similar contribution of the rest of the countries of Latin America, with the exception of Panama which has a higher contribution (6.4%) and Peru and Colombia which are below the regional average.

In relation to the CBIs' contribution to employment, Mexico's contribution stands out with 11%, followed by Trinidad and Tobago, Colombia and Peru. Argentina is part of the group with a lower contribution, circa 3%, with Jamaica and Panama.

Figure 18: Contribution of CBIs to GDP and employment in Latin and Central America



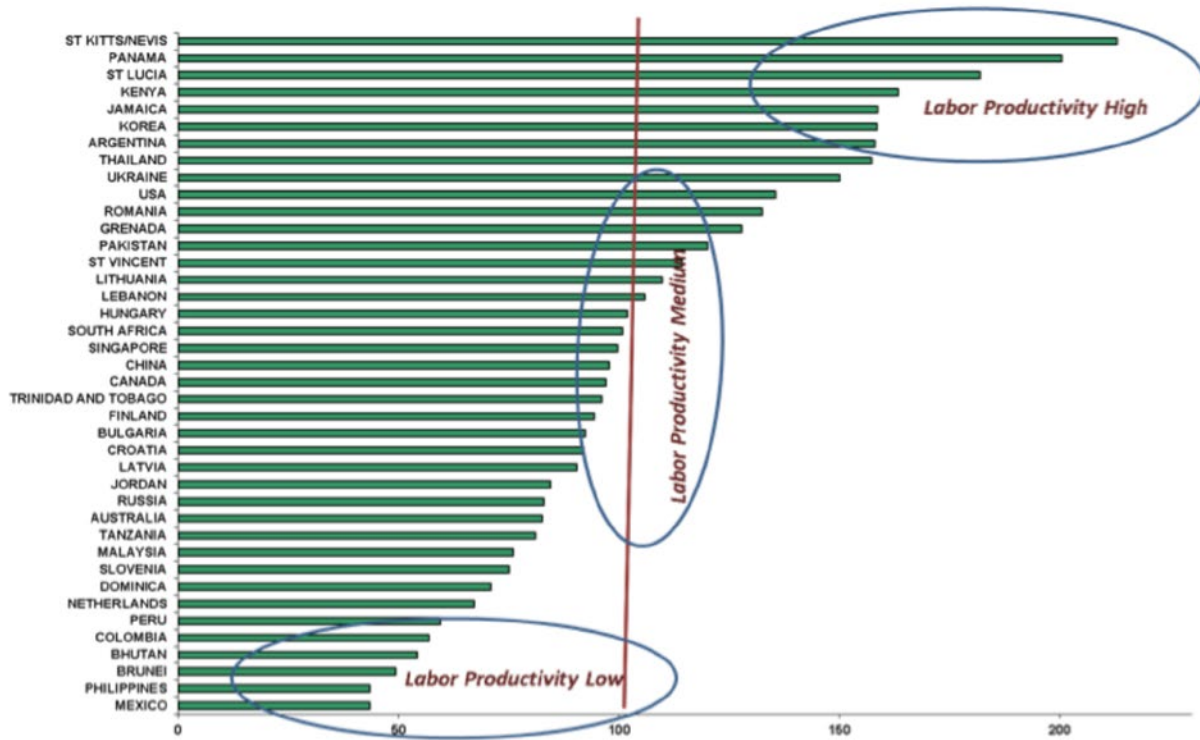
Source: WIPO and own estimates for Argentina

The next chart (Figure 19), elaborated by WIPO, shows labor productivity in CBIs and includes this study's estimates for Argentina.

Countries have been classified into high, medium and low productivity. Due to the relative indicators of value added and employment shown above, Argentina is included in the group with high labor productivity in CBIs.

Even though the WIPO Guide was used in the study of Argentina, the statistical treatment applied in this study is more precise than in other cases. For instance, with the aim of measuring exclusively the weight of those activities protected by copyright, statistical correction coefficients were applied for the core and interdependent activities. This correction methodology was not applied in the rest of the case studies. Therefore, this methodology option resulted in a more conservative estimate of the contribution of CBIs both to GDP and employment. This adjustment to the methodology is one of the factors to be taken into account when analyzing CBI economic indicators, which are shown here in a comparative way at world level.

Figure 19: CBI Labor Productivity



Source: WIPO and own estimates for Argentina

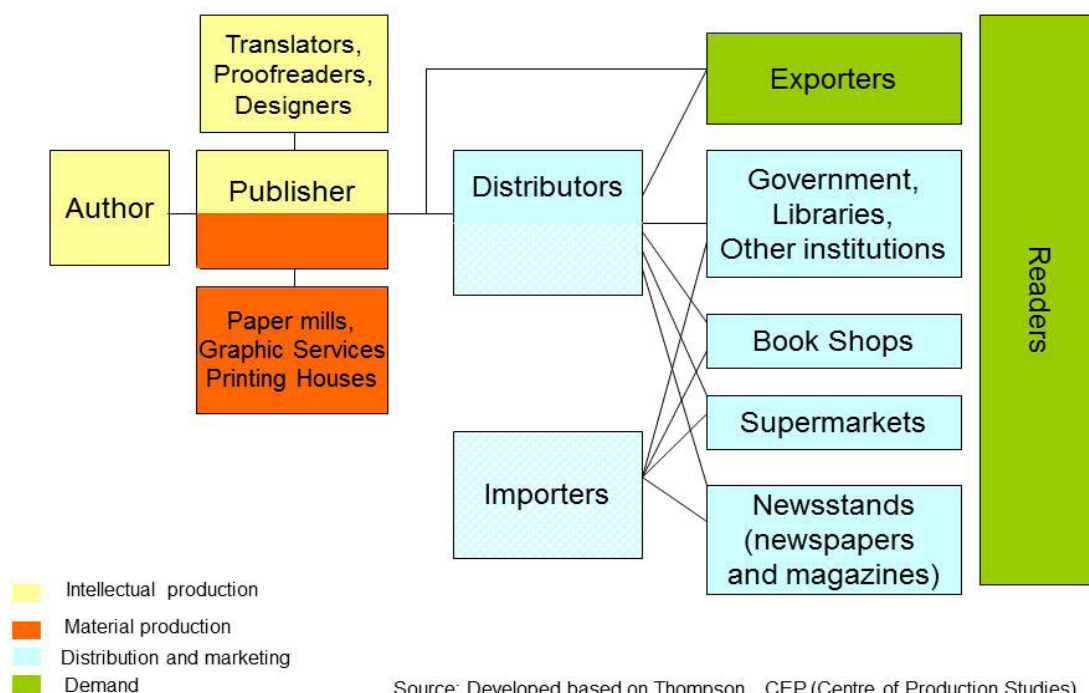
8. ANALYSIS OF ECONOMIC SECTORS RELATED TO ACTIVITIES PROTECTED BY COPYRIGHT

This section shows the characteristics of a number of Argentine markets, which were selected because of their relation to activities involving copyright.

8.1 Book industry

From the perspective of a production chain, books are the result of the interaction of various parties who independently carry out activities and tasks to create a product which then reaches readers. This process consists of activities involving intellectual production, material production, distribution and marketing (CEP, 2005), as can be seen in the following chart (Figure 20):

Figure 20: Book production chain



Intellectual production starts with an author creating a piece of work, and it is then followed by a series of product development activities including various stages such as style correction, translation, preface writing, book design, illustrations and quality control, to define the product that will reach readers. These latter tasks are carried out either by a publisher or by third parties. The product content and characteristics are then shaped by both the author and the publisher.

The relation between these two parties can be:

- Direct: a) An author creates a piece of work and offers it to a publisher; b) A publisher commissions a writer for a piece of work. This can include a 'ghost writer', i.e. a writer who creates the piece of work but who is not regarded as its author *per se*.
- Indirect: Both parties get into contact through a literary agent. In general, this applies to well-known writers, or else to strategic processes to develop new markets for pieces or work.²⁴

²⁴Despite the fact that this is not widely done in Argentina, these agents are the ones who represent copyright, and who are in charge of finding a publisher to publish their clients' pieces of work, as well as of negotiating contracts.' CEP (2005)

Material production refers to the physical production of the piece of work, which includes editing the original copy, design and layout of the pages, correcting drafts and graphs, printing and bookbinding, carrying out press release activities (institutional communication and promotion) and marketing (product presentation strategies and display at points of sale.²⁵)

Since it is the publisher that performs the coordination of both these production stages, it will decide what will be published when developing its catalogues and which pieces of work will appear in them. The publisher will also determine what format will be used, and the presentation type and level of display of each piece of work. Taking this into account, it is possible to estimate the production volumes, number of copies and consequently their price as well, considering the trade and strategic considerations of this business.

Finally, book distribution and marketing – including that of imported books – is done through wholesale distributors (some of them having regional scope) and retail distributors, including bookshop chains, booksellers, news-stands, supermarkets and the internet. Some publishers even take on distribution of their own productions. It is through these channels, then, that books reach their readers.

8.1.1 *How does the publishing market work?*

The book market revolves around the author and the publisher, as they are its leading figures. The former is in charge of creating the symbolic content of each piece of work, without which there would be no book (Getino, 2008). The writer must register his piece of work under his name to preserve his property rights, both moral²⁶ and patrimonial. The publisher, in turn, collects copyright royalties, having entered into a contract, with time and territory restrictions, to organise the production of the piece of work. The publisher grants the author a percentage of the front cover price of the piece of work, which is usually around 8-10%.²⁷ In general, it is the publisher who takes the risk of the whole activity on his own behalf; cases of publishers who only print a piece of work are exceptional.

The publisher registers the piece of work by requesting its ISBN²⁸ (International Standard Book Number) and then registering the copyright and the publisher rights.²⁹ He is also responsible for duly notifying the author of the number of copies printed each time his piece of work is published and/or republished. The publisher holds the rights related to printing, promotion and sale, including subsidiary rights.³⁰

It is possible to estimate the physical production of the publishing market by analysing the total number of titles which were registered by publishing houses, author-publishers, public and private institutions, universities, newspapers and other agents, and which are distributed in the domestic market through the various marketing channels or that are delivered free of charge. From these data, it was observed that in 2011 the total number of titles published in Argentina was 31,142, and nearly 118 million copies, most of them being novelties, which accounted for approximately 85% of the total.³¹

These figures show some growth in comparison with the previous year, with a year-on-year increase of around 18% for the number of published titles and of 55.8% for the total number of printed copies.

²⁵In general, this is something that is usually done for so-called 'big books'.

²⁶Moral rights include the right of recognition of the authorship of the piece of work, and the author's right to preserve the integrity of his work, that is to say, his right to demand loyalty to the text and title, and to oppose having his work modified

²⁷In meetings held with various market agents it was informed that towards the end of 2012, publishing houses set different fees depending on the genre. Literature was given an average fee of 10%, Law books between 10-15%, and pocket editions or children's literature 6%.

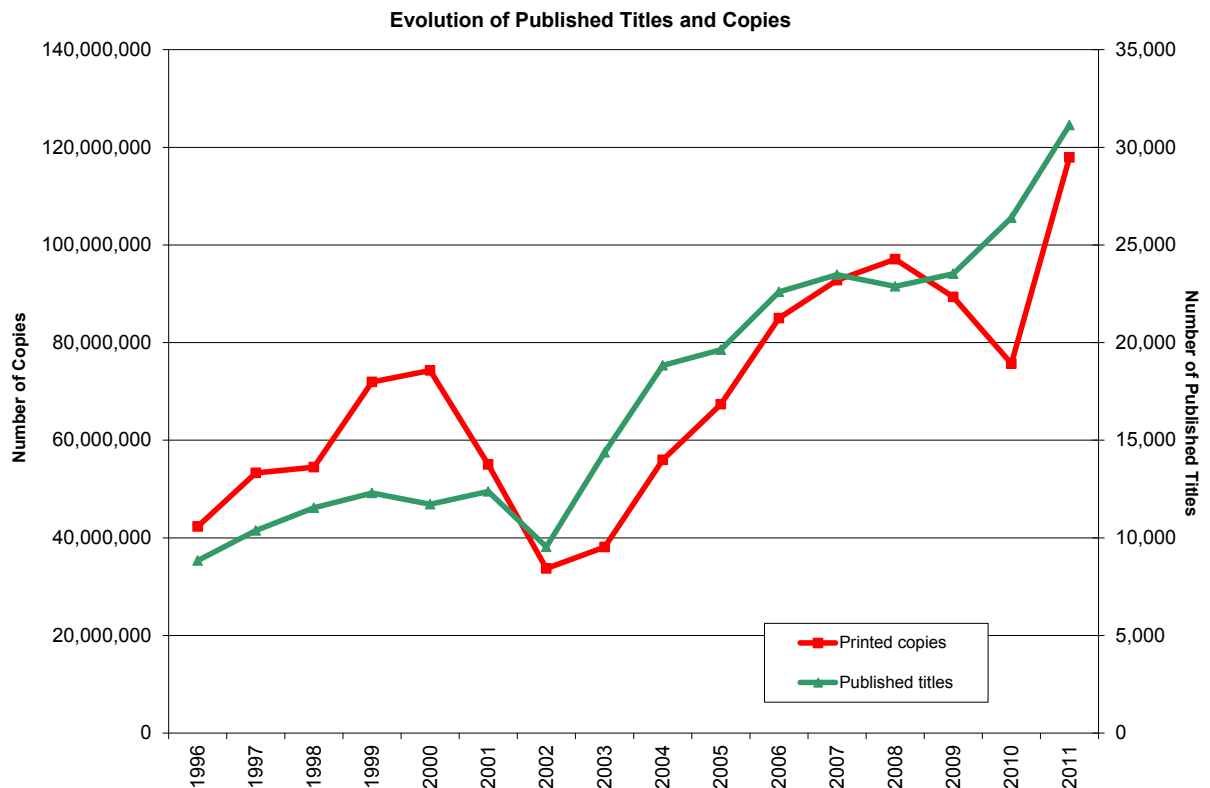
²⁸Under Act 22399/81 all books published in Argentina must bear the printed International Standard Book Number, which is administered by CAL (Publishers Association of Argentina).

²⁹The law sets forth that this is to be done, at the latest, 90 days after getting the ISBN number, and shall be performed before the DNDA ('Dirección Nacional de Derecho de Autor': National Copyright Office), under the Ministry of Justice and Human Rights of Argentina.

³⁰These refer to the services provided by translators and preface writers.

³¹Reprinting data may be underestimated, since it is not compulsory to include this information in the registration process. Source: CAL Statistics Annex, 2012 Report.

Figure 21: Published book titles and copies 1996-2011



Source: Developed using data from CAL (Publishers Association of Argentina), published by SInca (Cultural Information System of Argentina)

It can be seen that from 2002 the number of published titles was soaring, but the increase was slower towards 2005, a year in which it levelled off (+4.3%). From 2005 the number of titles remained constant but with some fluctuation until 2007, recording a slight decrease in 2008. Subsequently, the number of titles began rising more steeply year after year, recording in 2011 the highest year-on-year growth point in the last seven years.

Starting from 2002 there was an increase in the number of printed copies, though there was some fluctuation until 2009, when there was a 2-year slowdown. In 2011, numbers started going up once again but this time rising quite abruptly (+55.8%).

Therefore, it can be observed that the dynamics of both variables are related to the country's level of economic activity. There was a decrease in the activity during the years of economic crisis such as in 2001 and 2002, or in 2009 and 2010.

From a different perspective, the dynamics of the two variables presented have also been reflected in the Average Printed Copies per Published Title Index. In 2011 the index registered an average 3,787 copies, still below the records of the late 1990s five-year period – which always registered more than 4,000 copies per title – and below the relative maximum observed in 2008, which registered an average 4,244 copies, following recovery after the 2001-2002 economic crisis (+60%).

As for the geographic location of this activity, there is major concentration in the area of the City of Buenos Aires, for production of both published titles and printed copies. According to CAL (Cámara Argentina del Libro: Publishers Association of Argentina) in 2011, 69% of published titles and 80% of printed copies were produced by publishing houses located in the City of Buenos Aires, whose share in the total production was similar to the one recorded in previous years (CEDEM, 2011).

The next major jurisdiction is the province of Buenos Aires, with regard to both published titles and number of copies, thus showing that the publishing industry is highly concentrated in just two geographical areas.

The number of registered publishing houses in 2010 was 2,645 according to data published by CEDEM (2011 b), which implies a 13.6% increase compared to the previous year. Even though the sector records a year-on-year rise in the number of publishing houses, which is also mirrored by the sector's general activity, the dynamics observed between the agents are neither homogeneous nor constant. In fact, according to sources used for the study, just over 350 publishing houses (approximately 13% of all) have registered new works for ISBN for at least five consecutive years, which means that the activity of most publishing houses may vary from year to year.

On the other hand, it is also interesting to look at the structure of this market, which can be analyzed in terms of the share of each publishing house in the total production of either published titles or printed copies. In 2011, 40% of titles were published by 24 publishing houses, with the three that have the largest number of titles – more than 1,000 titles each – concentrating 15.4% of the market share.

Table 38: Published books, 2011

Trade Name	Number of Published Titles		
	Total	%	Accumulated
Vi-Da Global S.A.	2,061	6.62%	6.62%
Edición del Autor	1,629	5.23%	11.85%
Random House Mondadori S. A.	1,106	3.55%	15.40%
Aguilar, Altea, Taurus, Alfaguara S.A. de Edic.	995	3.20%	18.60%
Editorial Dunken S.R.L.	662	2.13%	20.72%
Grupo Editorial Planeta S.A.L.C.	567	1.82%	22.54%
Editorial Guadal S.A.	465	1.49%	24.04%
Universidad Nacional del Litoral – Ediciones UNL	455	1.46%	25.50%
Arte Gráfico Editorial Argentino S.A. – Clarín	451	1.45%	26.95%
Ediciones Santillana S.A.	440	1.41%	28.36%
Francisco Javier Etchelecu	435	1.40%	29.76%
Editorial Vértice S.R.L.	324	1.04%	30.80%
La Ley Editora e Impresora	315	1.01%	31.81%
Asociación Casa Editora Sudamericana	295	0.95%	32.76%
Editorial Sigmar S.A.C.L.	281	0.90%	33.66%
Sociedad de San Pablo	231	0.74%	34.40%
Longseller S.A.	226	0.73%	35.12%
Tinta Fresca Ediciones S.A.	221	0.71%	35.83%
Kapelusz Editora S.A.	219	0.71%	36.54%
Alque Grupo Editor S.A.	217	0.71%	37.23%
Gárgola Ediciones S.R.L.	213	0.68%	37.92%
Editorial Estrada S.A.	201	0.64%	38.56%
Errepar S.A.	199	0.64%	39.20%
Ediciones Lea S.A.	195	0.63%	39.83%
Sub-Total	12,403		
Other Publishing Houses	18,739		60.2%

Source: Data from CAL (Publishers Association of Argentina), published by Sinca (Cultural Information System of Argentina)

Market share measured in terms of the number of copies indicates that the top 24 publishing houses account for 74% of the total, three of them having the largest number of printed copies and thus concentrating 43% of the total, and the first one of them accounting for 26.7%. Despite the fact that market distribution is more

concentrated when measured using this variable, it must be noticed that the publishing houses that lead this ranking in the first three positions are not the same as the ones in the previous case (the first one to coincide is in position 5 of this ranking.)

It should also be considered that the printed copies ranking is led by a multimedia conglomerate (print media, television, radio, etc.), which occupies position number 9 in the published titles ranking (accounting for 1.45% of the total). It is followed by a publishing house which, measured in terms of published titles, holds position number 14, and by Argentina's Ministry of Education, which is not among the major publishing houses regarding published titles.

Likewise, out of the three major publishing houses in terms of number of published titles in 2011, only the one in position 3 appears in position 5 of the printed copies ranking. The other two publishing houses are not part of the ranking of the main firms, appearing after position 24 (less than 0.75% of the market).

Table 39: Printed copies, 2011

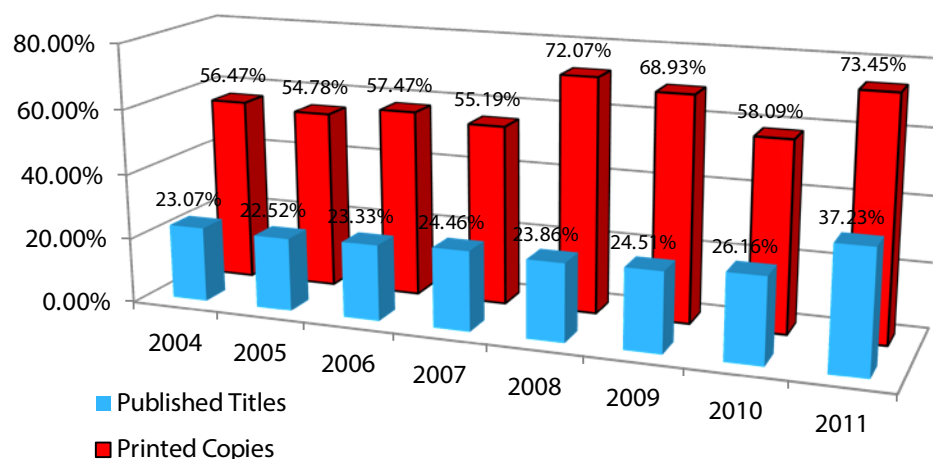
Name	Number of printed copies		
	Total	%	Accumulated
Arte Gráfico Editorial Argentino S.A. – Clarín	31,214,000	26.47%	26.47%
Asociación Casa Editora Sudamericana	10,303,320	8.74%	35.21%
Ministerio de Educación de la Nación	8,871,776	7.52%	42.73%
Editorial Vértice S.R.L.	7,208,224	6.11%	48.84%
Random House Mondadori S.A.	6,047,123	5.13%	53.97%
Aguilar, Altea, Taurus, Alfaguara S.A. de Edic.	3,013,093	2.56%	56.52%
Atlántida S.A.	2,389,100	2.03%	58.55%
Ediciones Visuales Alberdi S.A. – EVIA Ediciones	1,991,000	1.69%	60.24%
Grupo Editorial Planeta S.A.I.C.	1,855,889	1.57%	61.81%
Ediciones Santillana S.A.	1,636,800	1.39%	63.20%
Tinta Fresca Ediciones S.A.	1,623,784	1.38%	64.58%
Aique Grupo Editor S.A.	1,463,900	1.24%	65.82%
Editorial Estrada S.A.	1,432,355	1.21%	67.03%
Editorial Guadal S.A.	1,366,800	1.16%	68.19%
Kapelusz Editora S.A.	1,141,264	0.97%	69.16%
Editorial Puerto de Palos S.A.	1,040,753	0.88%	70.04%
Ediciones Larousse Argentina	1,029,000	0.87%	70.92%
Matías Martino Editor	1,016,000	0.86%	71.78%
Ediciones Lea S.A.	991,800	0.84%	72.62%
Longseller S.A.	980,734	0.83%	73.45%
Sub -Total	86,616,715		
Other Publishing Houses	31,310,152		26.6%
Total overall	117,926,867		

Source: Data from CAL (Publishers Association of Argentina), published by Sinca (Cultural Information System of Argentina)

The following graph (Figure 22) shows the dynamics of these two indicators since 2004. It shows that the group of the major publishing houses in terms of published titles stood at an even share of around 23% until 2009, and then experienced a two-year period in which figures started going up steadily until reaching the period's peak of nearly 37%.

Regarding the number of printed copies during the same period, the market share of the major publishing houses was closer to the total, with a base of around 55% and fluctuations which were particularly marked between 2008 and 2011.

Figure 22: Share of the top 20 major publishing houses in total number of titles and copies



Source: Developed using data from CAL (Publishers Association of Argentina), published by Sinca (Cultural Information System of Argentina)

Another important aspect is to know which publishing companies occupy the top positions in the ranking and whether their positions are stable. Regarding the ten major publishing houses in terms of published titles during 2004-2011 (Table 40), it can be seen that they underwent changes in their positions. Nine out of the ten publishing houses that were part of this group in 2004 moved downwards in the ranking to occupy positions below number 10 just six years later. Likewise, some of the repositioning observed for published titles was marked and took place from one year to the next (as for example, in the case of Beascoa, Diana and Esencia), which seems to show that the market is dynamic and operates in a competitive context.

Table 40: Publishing houses sorted by number of published titles

Order of preference in the yearly ranking. 2004-2011 Period

Name/Imprint	2004	2005	2006	2007	2008	2009	2010	2011
Beascoa	1	2	2	1	1	1	1	>24
Dunken	2	1	1	2	2	2	2	5
La Ley	3	3	13	8	6	8	9	13
Diana	4	4	3	4	9	>24	>24	>24
San Pablo	5	8	5	5	8	11	15	16
Esencia	6	19	8	9	13	4	4	>24
Losada	7	16	21	17	>24	>24	>24	>24
Paidós	8	17	>24	>24	>24	>24	>24	>24
De Los Cuatro Vientos	9	5	6	3	14	15	22	>24
Colihue	10	18	>24	>24	>24	>24	>24	>24

Source: Developed using data from CAL (Publishers Association of Argentina), published by Sinca (Cultural Information System of Argentina)

Competition in the book market is based on a high differentiation between products, which is consistent with the quote *'no two books are the same'*.

According to the participants in this market, the publishing business works on a trial and error basis, with a low margin and high risk, since there is no possibility for products to be 'tested' as other consumer goods

usually are. Furthermore, there is virtually no value in the 'brand' (publishing house), since in almost all thematic segments in the publishing world, the main determining factors when a customer purchases a book are only either the book's author or its content (CEP, 2005).

Taking the latter into account, thematic segmentation of the market allows us to understand how the book offer works. Firstly, thematic segmentation of published titles shows that 'literature', 'social and human sciences' and 'children and young adult' were the segments with the largest shares, reaching an approximate 24.4%, 20.3% and 11.9% respectively in 2010. It is the same scenario in the case of printed copies, in which the most popular segments are the same ones, together with 'textbooks', showing shares of approximately 19%, 17.9%, 18.6% and 15.7%, respectively, in comparison with the total.

8.1.2 Competitors

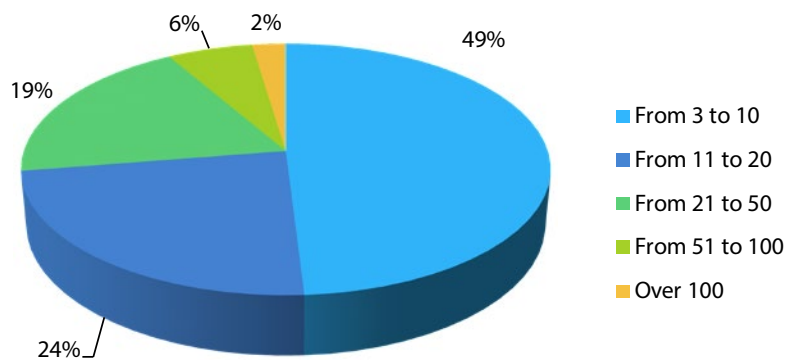
The publishing industry universe is heterogeneous, since within it there exist publishing companies *per se* together with academic institutions, cultural and social organizations that have their own publications, and even individual persons who publish their own books.

Even though since the mid-1990s there has been a concentration process due to the fact that large multinational publishing houses started entering the local market, they still have had to share the market with a vast number of small firms, especially local ones (OIC, 2011).³²

One of the characteristics that makes it possible to recognize the competitors in a given market is the size of the participating firms. This can be estimated by assessing their activities, which, in this case, can be represented by their number of published titles.

According to a report by CERLALC (2008) using data from 2007, 49% of Argentinian publishing houses published between 3 and 10 titles, followed by publishing houses which published between 11 and 20 titles, which comprised 24% of the total number of published titles. The remaining 8% of other publishing houses published over 50 titles (Figure 23).

Figure 23: Market share by number of titles



Source: CERLALC, 2008

According to data provided by CEP (2005), towards 2004 publishing activities were developed by around 300 companies,³³ which can operate through various publishing houses. By grouping the companies per turnover range and the total number of titles involved, it is possible to claim that:

- Most companies (65%) within the publishing market are micro-companies, that is, businesses with a turnover of ARS 1,000,000 in 2004. They account for 25% of published titles. They are businesses which are majority-owned by domestic capital.

³²It was not possible to estimate the market's degree of concentration, since there is no updated information about how the total book offer for published titles is distributed or about the size of each company.

³³Data provided by CAL (Publishers Association of Argentina), an association grouping publishers, distributors, importers and booksellers. There is also CAP (Argentine Chamber of Publishers), whose members are also publishers, distributors and importers, a large number being multinational companies (CEP, 2005).

- The next group of companies with the largest share in the market is the medium-sized publishing houses, consisting of 18.5% of publishing houses, with a turnover of between ARS 5 million and ARS 45 million, and which account for 48% of published titles.
- The largest companies, with a turnover above ARS 45 million, represent 0.5% of the total number of businesses, and account for 10% of published titles. Multinational companies are especially important in this last group.

Table 41: Publishing houses and published books distribution by turnover and size

(Data 2004)

Company size	Turnover range (ARS)	Publishing houses sorted by their turnover range	Published titles sorted by their turnover range
MICRO COMPANIES	\$ 1 – \$ 100,000	23.0%	7.0%
	\$ 100,001 – \$ 250,000	19.0%	7.0%
	\$ 250,001 – \$ 500,000	7.0%	2.0%
	\$ 500,001 – \$ 1,000,000	16.0%	9.0%
SMALL COMPANIES	\$ 1,000,001 – \$ 5,000,000	16.0%	17.0%
MEDIUM COMPANIES	\$ 5,000,001 – \$ 10,000,000	5.0%	14.0%
	\$ 10,000,001 – \$ 25,000,000	12.0%	26.0%
	\$ 25,000,001 – \$ 45,000,000	1.5%	8.0%
LARGE COMPANIES	\$ 45,000,000 and over	0.5%	10.0%

Source: CEP (2005)

The table below (Table 42) shows the different publishing houses sorted according to their share in each thematic segmentation of the market. It reflects the coexistence of companies owned by both domestic and foreign capitals, and specially the presence of medium and large companies in the most dynamic segments, which is a sign of contribution to competitive bidding.

Table 42: Major publishing houses sorted by theme

Sub division		Initial capital	
Textbooks	Instructional material (primary and high school)	Ediciones Santillana (owned by Grupo Santillana together with Alfaguara, Aguilar, Altea y Taurus)	Spain
		Angel Estrada	Argentina
		Puerto de Palos	Argentina
		Ediciones SM (owned by Grupo SM)	Spain
		Kapelusz (owned by Grupo Editorial Norma)	Colombia
		Aiqué Grupo Editor (owned by Havas Group, which has merged with Editorial Larousse Argentina)	France
		A-Z	Argentina
	Languages	Pearson Education	England
		Mac Millan	England
		Oxford University Press	England
		Richmond Publishing (Grupo Santillana)	Spain
Scholastic		United States	

Table 42: Major publishing houses sorted by theme (continued)

Scientific, Technical, Professional	Legal	Grupo Lexis Nexis (belongs to Reed Elsevier)	Anglo-Dutch
		La Ley (owned by Thomson group)	Canada
		Rubinzal-Culzoni	Argentina
	Medicine	Médica Panamericana	Argentina
		Corpus	Argentina
		Journal Ediciones	Argentina
		Inter-Medica	Argentina
	Economy, Business, Administration, Marketing	Mc Graw Hill	United States
		Macchi Grupo Editor	Argentina
		Ediciones Granica	Spain
		Pearson Education	England
		Prentice-Hall	United States
	Social sciences	Fondo de Cultura Económica	Mexico
		Siglo XXI	Mexico
Eudeba		Argentina	
Paidós		Argentina	
General interest	Fiction, essays, novels, etc.	Grupo Planeta	Spain
		Sudamericana (its main shareholder is Random House Mondadori from Spain, owned by the German group Bertelsmann)	Germany
		Aguilar-Altea-Taurus_Alfaguara (Grupo Santillana)	Spain
		Vergara (owned by Ediciones B- Grupo Zeta)	Spain
		Editorial Atlántida	Argentina
		Grupo Editorial Norma	Spain
	Children's	Ediciones Colihue	Argentina
		Alfaguara (Grupo Santillana)	Spain
		Sigmar	Argentina
Religious	Editorial San Pablo	Argentina	
	Editorial Guadalupe (is owned by Grupo Editorial Verbo Divino)	Argentina	

Source: CEP (2005)

8.1.3 Book marketing and distribution

Books are generally sold on a consignment basis, i.e. publishing houses deliver a certain number of books to bookshops to be sold and the bookshops have to report the number of copies they actually sell. At the end of the fixed sales term, the remaining copies are returned.³⁴ The firm sale system, which is fulfilled upon delivery of goods at the point of sale, may also be an alternative though it is not so frequent.

Different intermediaries are part of the retail distribution and marketing process:

- Non-specialized bookshop chains which may be related to publishing houses or book distribution companies, such as Yenny-El Ateneo, Fausto, Cúspide and Librerías Santa Fe.
- Large retail establishments which offer a small variety of titles, such as supermarkets like Carrefour, Jumbo, Coto or specialised chains that sell music or books, for example Musimundo, Distal.
- News-stands whose sales increased when the big newspaper companies, taking advantage of their installed capacity for newspapers, started to publish books (CEDEM).³⁵

³⁴Large publishing houses sell titles in the sales market.

³⁵Cultural industries in the City of Buenos Aires. Recent. 'Evolución reciente y potencialidades' ('Recent evolution and potentialities'). CEDEM. Booklet N°4. Published online, undated.

- Traditional bookshops which operate independently and are not part of a publishing house or distribution company. They usually sell specialized books for a specific field.

According to a regional report carried out by the Regional Center for the Promotion of Books in Latin America and Caribbean (CERLALC, 2008), bookshops are the most popular point of purchase of books in Argentina (81%), followed by news-stands (newspapers and magazines) and street sales, which account for 8%.

Furthermore, the report showed that there was a total number of 1,985 bookshops in Argentina in 2008. This put the country in a privileged position among the countries of the region, in terms of the number of book points of sale per inhabitant (19,827 inhabitants per point of sale being considered a low indicator).

In connection with prices, Act 25,542, in force in Argentina since January 2002, states that each publisher, importer or representative shall fix a suggested retail price (SRP) or consumer price for the books they publish or import.³⁶ Therefore, since the price competition³⁷ is restricted, the traditional retail marketing through bookshops is somehow protected. As a result of this, the business of small bookshops (which were at a disadvantage compared with bookshop chains or large retail establishments such as supermarkets) is also preserved and even the business of short-run publishing is benefited as a less restrictive management of the fixed costs thereof can be carried out.

Challenges and threats

- **E-books**

E-book dynamics have shown a significant growth since 2010, when the number of published titles in this format increased by 62% in a year and almost tripled the following year. In 2011, the e-book accounted for 16% of the total number of published titles. This share doubled in comparison with the previous year.

Table 43: Number of published titles in supports other than paper, Argentina

Years 2007 to 2011

Type of support	Numbers					Variation (%)	
	2007	2008	2009	2010	2011	2011/2010	2011/2007
Braille	2.0	2.0	2.0	4.0		-	
Cassette	6.0		1.0	3.0	3.0	0.0%	-50.0%
E-book (1)	977.0	981.0	981.0	1,586.0	4,982.0	214.1%	409.9%
Non- specified	18.0	4.0	15.0	10.0	10.0	0.0%	-44.4%
Video (2)	37.0	14.0	10.0	10.0	12.0	20.0%	-67.6%
Total	1,040.0	1,001.0	1,009.0	1,613.0	5,007.0	210.4%	381.4%
% Support other than paper per total number of published titles	4.0%	4.4%	4.3%	6.1%	15.8%	159.0%	295.0%
% E-books per total number of published titles	3.7%	4.3%	4.2%	6.0%	15.7%	161.7%	324.3%

Source: OIC Yearbook 2011. Notes (1) 'E-book' includes CD, digital downloads (whether online or not) or electronic delivery, laser disc and e-book (2) 'Video' includes educational video and videodisc

³⁶Except for a) limited edition books for restricted consumers, consecutively numbered and of formal quality; b) Artist's books, which refer to those books published, in whole or in part, by means of art-and-craft techniques; c) Antiquarian and collectible books d) Second-hand books; e) books removed from catalogue at the publisher's discretion; f) Imported books at a sale price, provided they have been previously remaindered by the publisher in their country of origin, in accordance with the laws and regulations in force in such country; g) previous sales carried out in order to fund the publishing of a specific book.

³⁷The following are the only recognized discounts to be made: a) up to 10% of RRP, on those sales performed during fairs, days and weeks dedicated to books, declared of public interest by a legitimate authority, within the geographical area where such event is held, or sales to libraries and/or documentation centers, or to cultural and non-profit social welfare institutions; b) up to 50% when purchased by the Ministry of Education, the National Commission for the Protection of Community Libraries (CONABIP: 'Comisión Nacional de Bibliotecas Populares'), and other public organizations, that purchase books to distribute for free among educational, cultural and scientific institutions, or among low income people. The sale of these copies is expressly prohibited.

These dynamics raise some issues with regard to the price of electronic books, since the reduction of printing and bookbinding costs should be fully reflected in the final selling price, which should decrease. However, the cost of the printing stage does not have a big impact on the final selling price (and it depends on the size of the print run as well). Besides, there are new technology services that bear their own costs, such as the creation of XMLs files, format building-up for metadata integration, the expertise required to perform digital editing, as well as the functioning of online libraries and e-commerce, digital rights management, and the marketing and distribution of digital publishing (Eguaras, 2013).

On the other hand, when the same work is published both in paper and digital format, the e-book production cost is lower, due to economies of scale in the proofreading, correction and translation tasks (applicable to all supports), which do not need to be carried out again in order to publish the contents in digital format.

In Argentina there still have not been major changes with regard to adjusting to these industry processes. Only the publishers have taken the first step to retain digital publishing rights when entering into agreements with authors.

- **Reprography**

Throughout the years, photocopied books have been regularly used at all levels of the Argentinian educational system. Therefore, this practice has naturalised and has become a cultural matter (Reinoso, 2005).³⁸ A study entitled 'Study of book photocopying at universities' carried out by the Administration Center of Reprographic Rights (CADRA, 2005) among 1,100 students from universities in Buenos Aires (73% of the total number) and in Rosario (17%), showed that over 2,552 million of book pages were illegally duplicated on an annual basis at universities. The study also showed that 60% of the photocopied material was protected by copyright.³⁹

The rapid growth of illegal practices involving the reproduction of copyrighted works (which comprises not only duplication on paper by means of photocopying but also digital reproduction, including other supports), indiscriminately, and without any authorization or compensation whatsoever, encouraged some publishers to organize themselves in order to solve this issue. It was not intended to pursue such illegal practices but instead to create a collective management organization of Reprographic Rights. This led to the creation of CADRA (Centro de Administración de Derechos Reprográficos: Administration Center of Reprographic Rights) in 2002, which groups authors and publishers of books and other publications, whose intellectual property rights it collectively represents and protects.⁴⁰

The organization was created due to the concern about reprography (i.e. the act of reproducing a written work, either on paper, scanned, or in a digital manner: the term began with photocopying but was then applied to other supports). At the same time, they became aware of the existence of collective rights management societies in Europe.

CADRA grants licenses for the reproduction, in whole or in part, of the holder's works. Such licenses vary according to the different parameters applied to the use they will be given. The annual fee is also determined based on that. The following are the parameters applicable to the use of each license:

- Business premises close to an educational institution.
- Business premises far from an educational institution.
- Public library
- Private library
- Government organizations
- Government educational institution
- Private educational institution
- Companies
- Non-profit organizations and other institutions
- Cultural entities

³⁸ For a more comprehensive approach to reprography in Argentina, see Cabanellas et al. (2005).

³⁹ Moreover, it was shown that: 10% of university students admitted that they did not read a book from cover to cover during the last year; only 23% of students read an average of one or two books, 22% read more than six titles; 45% admitted reading an average of three to six textbooks; among those who read, 37% read photocopied books, while 63% say they read directly from books; the bigger the number of read books is, the higher the percentage of photocopies that replace those books: five out of ten university students read more than six photocopied titles, whereas three students out of ten read an average of one to two photocopied books.

⁴⁰ See section 8.6.

Moreover, the licenses are classified according to the way the reproduction is performed: either through photocopy or in a digital form. Fees are determined by user (companies) or student (university and educational institutions), by photocopy equipment (business premises), or by unit or page (cultural institutions).

Book and reading promotion policies

Act 25446 on Book and Reading promotion enacted in 2001, sets forth a number of major objectives related to the book industry, cultural promotion and educational development.

The National Fund for the Promotion of Books and Reading was created within this framework, in order to support the projects, programmes and actions carried out by the Global Policy for the Promotion of Books and Reading. This Fund is composed of the resources assigned in the National Budget for this purpose, donations and legacies, as well as the penalties charged to parties breaching this Act, which are stated by special laws.

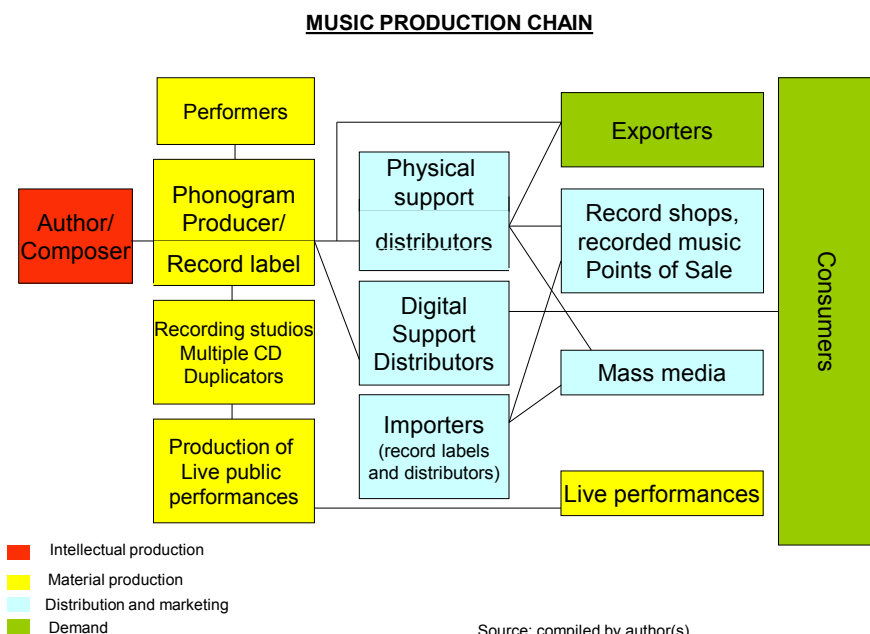
Additionally, the Government undertook the responsibility for promoting publishing demand as well as the habit of reading books, by means of writing contests, exhibitions and fairs, the acquisition of works for public and community libraries, archives and documentation centers and the modernization of all bibliographic centers.

Act 25542, enacted on November 27th, 2001 and acknowledged as the law for the defence of bookshops states that book publishers, importers or representatives shall set a suggested retail price (SRP) or consumer price for the books they publish or import. The said Act restricts discounts made on the final selling price to exceptional cases.

8.2 Phonograms

The phonogram market, as a productive chain, starts with the creation of the work by the author and the composer, who are the owners of the copyright on that work. This production process continues with the participation of performers, who are the singers and/or musicians or group of musicians responsible for making the work audible so that it can be perceived and recorded, and who are also entitled to performing rights. Performers may be hired by the record label, the phonographic producer or by the author himself, if he also takes that role.

Figure 24: Music production



Record labels are responsible for the development and production of the phonogram material. In order to do that, they have to acquire the copyright on the phonogram, which is agreed through contracts where such copyright is fixed in a range from 10-15% of the selling price (Getino, 2008), based on the estimated demand for copies for each title and on the phonographic support. Upon completion of this stage, labels provide recording and editing services as well as all those services aimed at obtaining the finished product, including both the technical and aesthetic aspects (such as arrangements, mixing, recording, editing, graphic arts, packaging, etc.). This can be carried out by the labels themselves or by third parties.⁴¹ Moreover, publishers are in charge of promoting the work by means of video clip production, radio broadcasting and concert organization, and of marketing the product. The producer of phonograms is granted the exclusive right to authorize the direct or indirect reproduction thereof. The said right can be transferred, assigned or licensed by contract.

Two possible channels coexist at the distribution stage: on the one hand the traditional channel, used for marketing the physical format production in record shops, in other recorded music points of sale and in means of communication; and on the other, the growing digital channels, used for marketing the product by means of internet or cellular telephone. Both channels help phonograms to reach the users and consumers.

8.2.1 How does the Argentinian phonographic industry work?

There are around 1,300 phonogram producers in Argentina, although not all of them perform this activity as their main business most of the time. According to the Argentine Chamber of Phonogram and videogram producers (CAPIF) there are 231 labels in the City of Buenos Aires.

Three international companies, commonly known as the *majors*, coexist in the market together with a wide range of small and medium-sized companies traditionally referred to as *indies*.

The strategies developed in this market are mainly set out by the large international companies' head offices. According to Moreno (2006), *'the business of these giant entertainment industries is based on the development of worldwide personalities promoted and exploited through multiple media and supports, by means of advertisements, product worship and the sponsorship of consumer goods'*. In order to do this, these companies acquire rights to authorize their subsidiaries to copy or print the titles, while they receive the corresponding royalties in return. This process is carried out by means of a license which entitles the holder to market a phonogram within a restricted territorial scope and for a limited period of time.

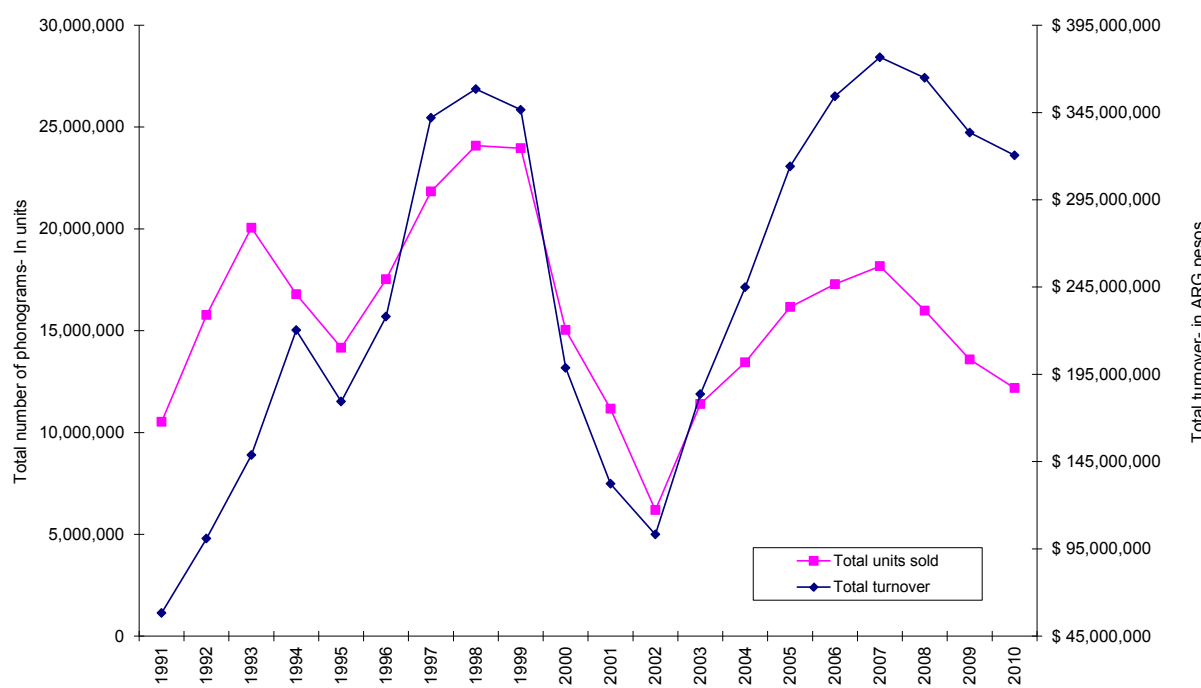
On the other hand, small-sized companies operate in the market with performers, genres, or products unknown to the *majors*. This process is carried out as a trial stage before including them in the *majors'* catalogues. According to Palmiero & Krakowiak (2005), *'the Indies discover and develop new trends and artists. They tend to focus on specific niches and genres'*.

The phonogram market, as a whole, has been influenced by a number of different factors which have had an impact on the core business, including the development of new technologies, which have affected recording, reproduction and music consumption, as well as piracy, which has increased as a result of home phonogram reproduction. This has led to a fall in the number of sold phonograms, as shown in the graphic below (Figure 25).

⁴¹Record labels are surrounded by a vast group of agents who provide their services to this industry, such as music promotion managers in charge of music shows, radio, television and video broadcasting, means of promotion, including the sale of songs to be used in advertisements.



Figure 25: Evolution of Phonogram Sales



Note: Units sold stopped publication from the year 2011

Source: CAPIF (Argentine Chamber of Phonogram and videogram producers)

The evolution of this industry in Argentina reflects the macroeconomic behavior of the country. It also reflects, through the total turnover and the number of phonograms sold, the 2001-2002 economic crisis which led to a dramatic reduction in sales. This was followed by a recovery period (2003-2007) until 2008 when sales reduced once again. In the latter period, the decrease in sold units was more significant than the decrease in turnover, due to prices.

Despite the fact that data related to sales distribution by labels are not published, experts in this field recognize that the three large labels concentrate 70% of sales, while the remaining sales are distributed among over two hundred labels.

The CD, which accounts for 86% of sales, is considered the main physical support in music marketing, followed by the DVD (audio and video) (Table 44).

Table 44: Sales distribution (turnover) by physical support

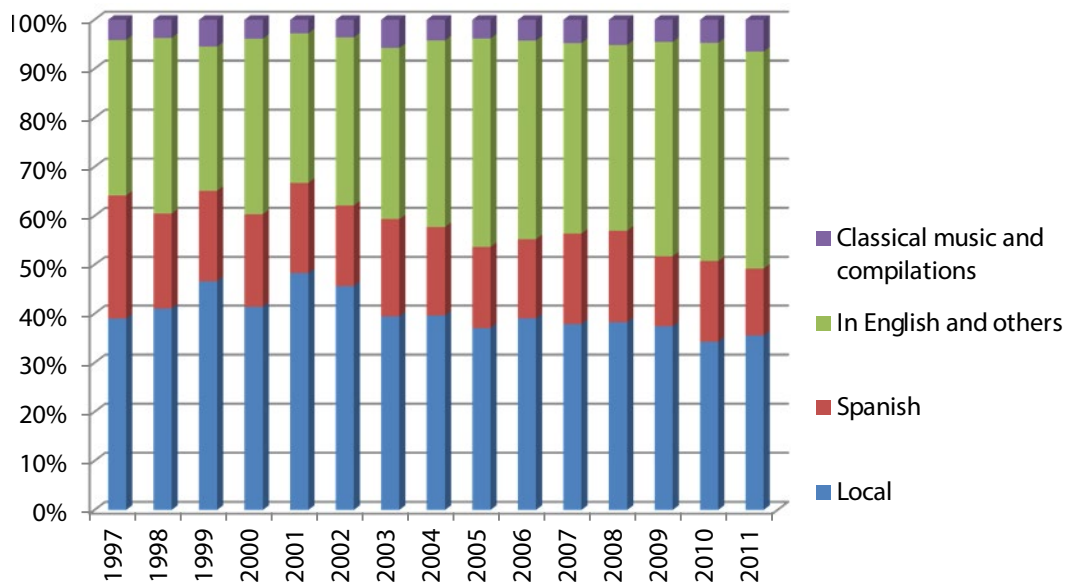
Percentages

Format	2012	2011
CD	86.2%	85.95%
DVD (audio and video)	12.4%	13.7%
Vinyl	1%	0.20%
BLU – RAY	0.05%	0.11%
Others (cassettes and singles)	0.35%	0.04%
TOTAL	100%	100%

Source: CAPIF (Argentine Chamber of Phonogram and videogram producers)

Phonogram sales turnover by repertoire includes mainly phonograms in English and from Argentina (local origin), which constituted the most significant part of turnover through the 1997-2011 period, though with some variations (Figure 26).

Figure 26: Turnover by repertoire



Source: CAPIF (Argentine Chamber of Phonogram and videogram producers)
 Note: in this classification CAPIF makes a distinction between local repertoire (from Argentina) and repertoire in Spanish from other countries.

8.2.2 Distribution stage

At this stage, wholesale distributors are responsible for the distribution of records from the manufacturing plants to the record shops. This service involves both storage and transportation and is generally used by large and medium record companies, whereas smaller labels are responsible for their own logistics and distribution services. According to area experts, there are four main wholesale distributors in Argentina which operate at national and regional levels.

On the other hand, at the retail distribution level there are traditional record shops and big shop chains such as Musimundo and Yenny-El Ateneo, whose shops are differentially oriented.

Within the small and medium-sized record shop group, there are some shops which are dedicated to the sale of supports and which are specialists in certain genres (Inzillo, 2008). These stores survive thanks to the personalised assistance of their knowledgeable and loyal customers. Some examples of these kinds of shops are Rock & Freud (rock), Zival's (classical music, jazz and opera) and Notorious (jazz).

The strategy of the big record shops has been the diversification of their offer, incorporating audio equipment, computers and other related articles such as second-hand books (OIC, 2011).

As may be observed in other countries, the record shops which have not been able to adjust to the market's new conditions were forced to go out of business. According to research carried out by the Observatory of Creative Industries of the City of Buenos Aires (OIC), in 2010 there were 81 shops which offered recorded music for sale in this city. However, even when the data initially showed a list of 206 units, only 122 of these could be located. A trend towards the interruption of business activities was also observed: half of the companies which were located had been closed, had changed their business or had ceased their activities' (OIC, 2011).

8.2.3 Digital marketing

Digital marketing in Argentina comprises two segments: on the one hand, the internet segment, as a means of downloading music content; and on the other the cellular phone or *mobile* segment, which involves download and access to content through mobile telephones. According to data by CAPIF (Cámara Argentina de Productores de Fonogramas y Videogramas: Argentine Chamber of Phonogram and videogram

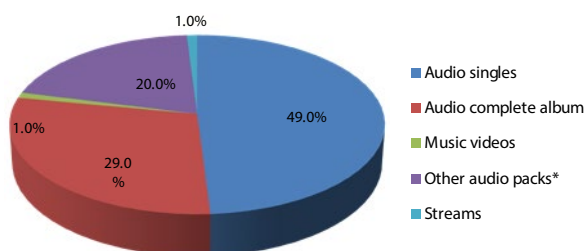
producersPhonogram and videogram producers), in 2012 the digital market represented a 57% increase in sales compared to the results obtained the previous year. These results represented 15.3% of the total income arising from recorded music (music in physical or digital format).

At present the *mobile* segment shows the most important development, since the sales in this segment represented 75% of the total digital content sales in 2011. However, this figure is smaller than the results observed in the last two years which amounted to 96% (in 2010) and 86% (in 2009). The decrease in this share is due to an increase in the internet segment, since according to CAPIF data, the internet subscription model represented a 68% increase in 2011 compared with the results obtained in the previous year.

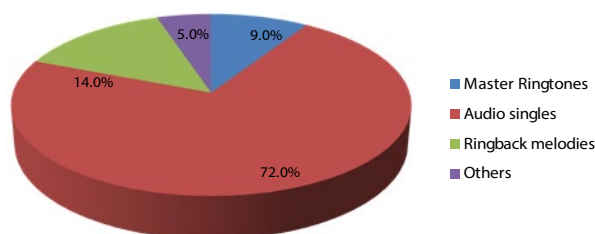
As regards digital download content, audio singles hold the leading position since they represent 50% of the internet downloads and 73% of the mobile content. The graphs to illustrate both segments appear below (Figure 27).

Figure 27: Digital downloads by their type- Year 2012

(a) **Internet downloads**



(b) **Mobile digital content**



Notes: * playlists, sales in public places and others, provided these are not singles, albums or music videos.

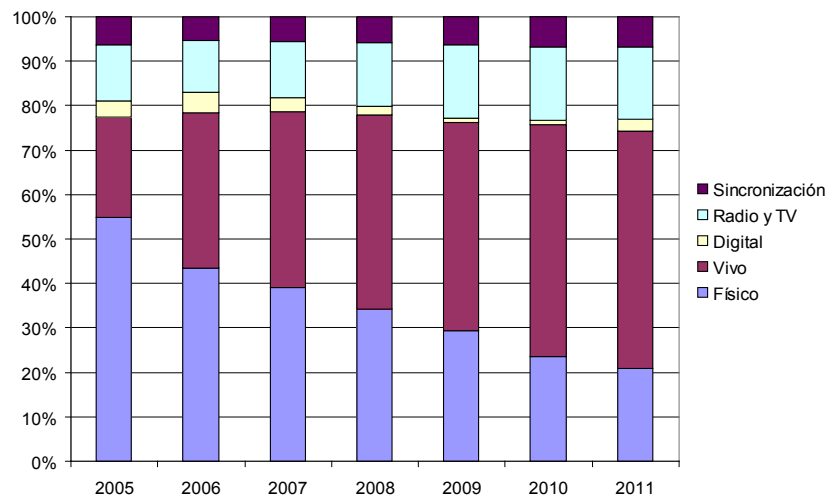
Source: CAPIF (Argentine Chamber of Phonogram and videogram producersPhonogram and videogram producers)

8.2.4 Live music

Live music is a segment which provides an increasing source of income to the industry. In fact, a study published in 2011 estimating the total music content volume in the market, both at national level and in the City of Buenos Aires, revealed that live music showed outstanding growth compared with other segments in this sector, representing a 219% increase throughout the country and a 295% increase in the City of Buenos Aires within the 2005-2009 period. These figures showed significant increase from 29% in 2005 to 61% in 2009 (OIC, 2011).

This scenario reflects the incidence of the different kinds of music royalties and their management on a national basis, as it is illustrated in the following graph (Figure 28):

Figure 28: Share of income by music sales in %
for 2005-2011



Note: The right to synchronisation allows for the synchronisation of a pre-existent musical work with images within an audio-visual production Source: CAPIF (Argentine Chamber of Phonogram and Videogram Producers)

8.2.5 Anti-piracy actions

CAPIF points out that throughout 2012 important actions against unauthorized use of phonograms in physical format and on digital media (online) have been taken. In fact, during the last year, several piracy sites were cancelled, for instance online sale pages for physical support and websites for direct download of complete discography were removed, as well as unauthorized applications in social networks which enabled access to content and led to infringement of intellectual rights, among others.

Licenses and non-interactive online uses for phonogram and video clips

In the last years, the licensing of music services for non-interactive uses in the Argentinian digital market has become a strategic aim of the collective management of the New Media area of CAPIF, which acts in representation of those record labels which seek this kind of protection.

As evidence of the consistent development of new businesses associated with the digital market, in 2012 there was a 38% increase in the income arising from licenses granted by CAPIF, compared to the results obtained the previous year.

In 2012, 9 websites which included non-interactive music webcasting were launched. At present, Argentina has 48 licensed sites to provide webcasting services to end-users, for example Sonora música (Terra), Cien radios (La 100) and Batanga.com (Batanga Inc.).

In 2012 there was a 58% increase in the licenses granted to companies to play music in their business premises (Dubbing) caused by the granting of licenses to over 120 points of sale directly by CAPIF and by the granting of licenses to 250 others through companies authorized by CAPIF.

Much Music and HTV (Turner Group), CM (Crónica), Quiero música en mi idioma (Artear) and Concert Channel and Mixplay TV (Grupo DLA) are the TV/ Cable channel producers which were authorized by CAPIF to publicly broadcast music videos.

A sustained increase in the income resulting from by digital content is expected for 2013, coupled with the launch of new music services in the Argentinian market, which will allow for even better results than those obtained in the last years.

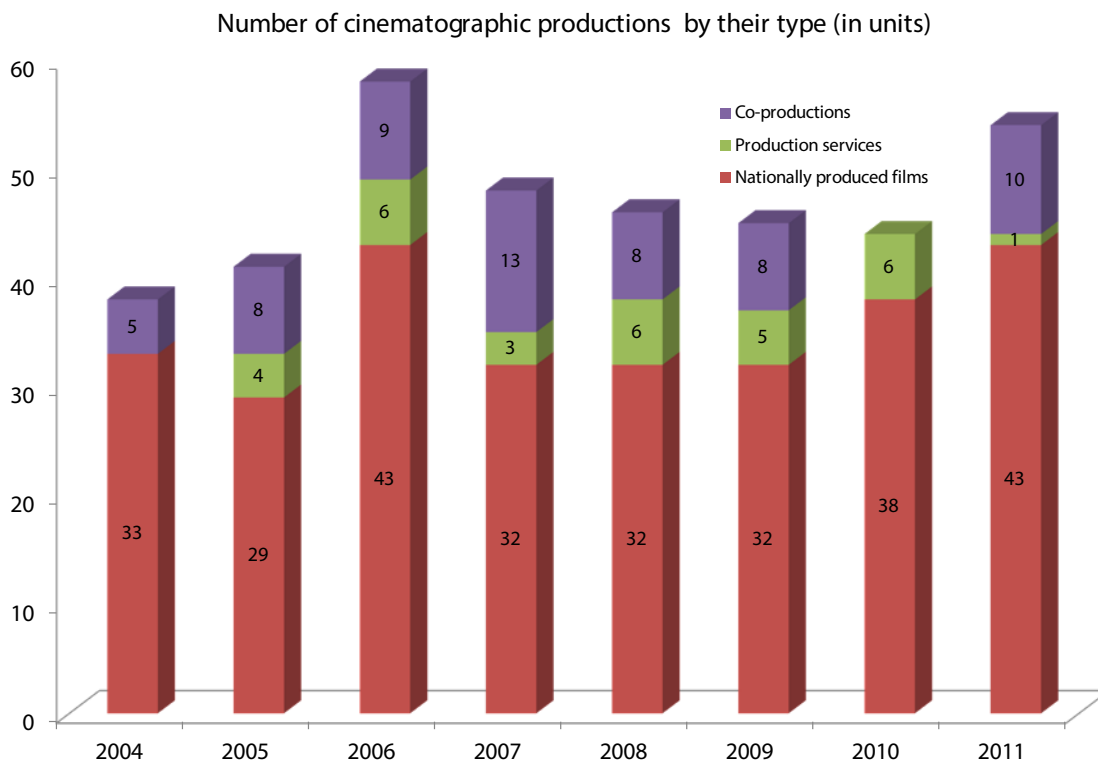
Source: CAPIF (2012)

8.3 Films

At present the production of feature films and short films, as well as other activities, are a part of the value chain in the production of audio-visual content developed for a series of screens such as television, internet, and movie theatres. In fact, the development of information and communication technology (ICT) and the digitalization of different kinds of content have broadened the scope for production companies, favouring the incorporation of new activities such as animation.⁴²

With regard to film production (feature films) in Argentina, 54 productions were registered in 2011, showing a 22% increase compared with the results observed the previous year. There was a halt in the downward trend observed since 2006, in which year a peak of 58 productions was registered. These were mainly national productions and include feature films and TV films and constitute an average 75% of those produced in the 2004-2011 period. In the beginning of this period co-produced films had a 13% share of the total production (5 films) but this share increased and reached the period peak of 27% (13 films) in 2007. In spite of this, the fall in nationally produced films could not be counterbalanced that year.

Figure 29: Cinematographic productions by type



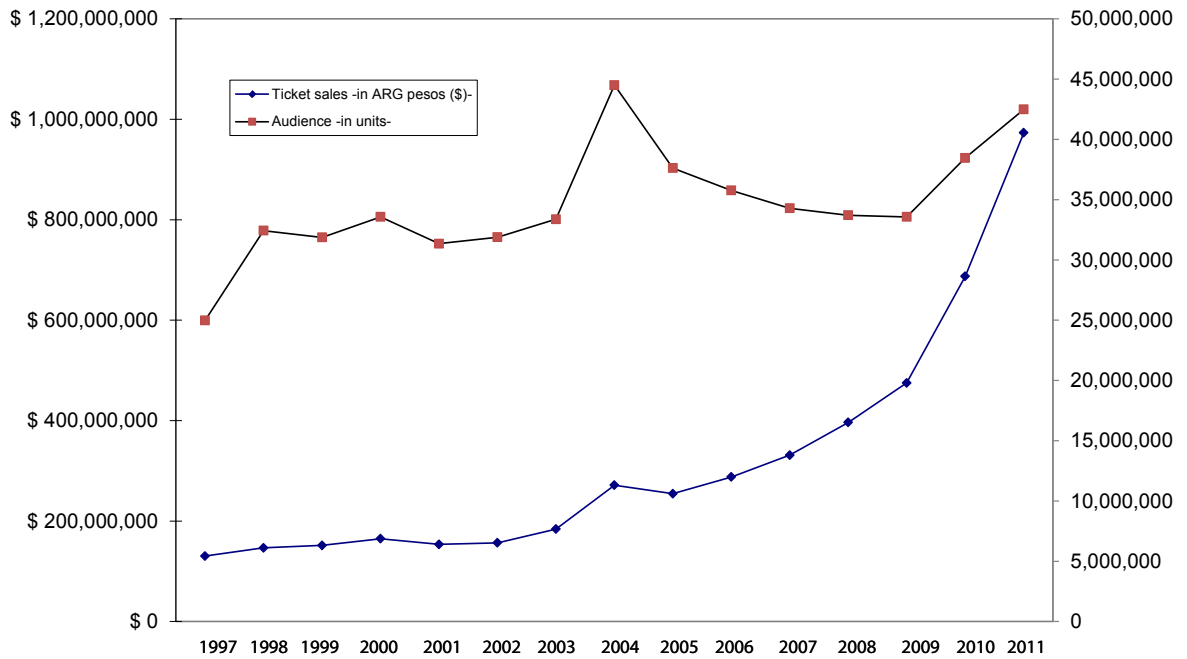
Source: Department for the Study and Research of the Film Industry in Argentina (DEISICA)

As regards film exhibition, the audience figures in 2011 were about 42.5 million at national level. These figures showed a constant recovery since 2009; however, the 44.5 million peak obtained in 2004 could not be reached again.

⁴²On the exports of content, see Pis Diez & García (2013).

Figure 30: Audience figures and ticket sales

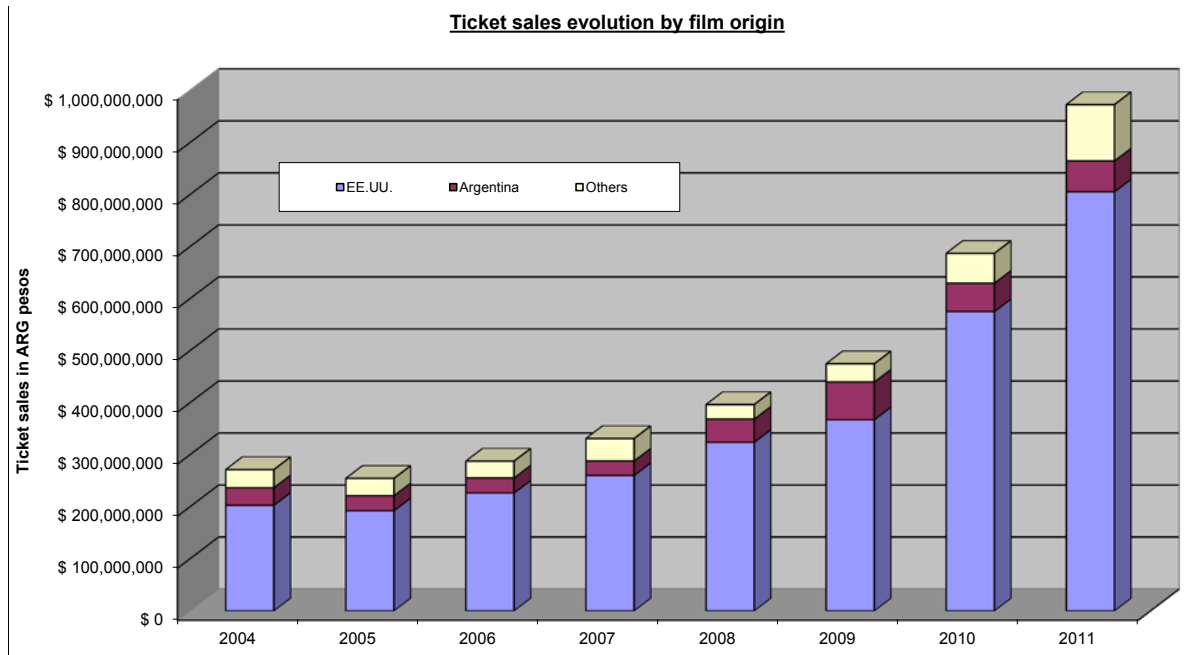
1997-2011 period



Source: Department for the Study and Research of Film Industry in Argentina (DEISICA).

Ticket sale analysis carried out through the 2004-2011 period showed that films produced by the USA made up over 75% of the total ticket sale income, showing a peak of 83% in 2011 (Figure 31).⁴³

Figure 31: Ticket sales by film origin



Source: Department for the Study and Research of the Film Industry in Argentina (DEISICA)

⁴³Sales in current pesos.

In 2011, a total of 322 films were released, showing a 7% increase compared with the results obtained the previous year (300 films). 32% of these movies were produced in Argentina (104) and the rest of the films were of foreign origin, 41% of which were produced in the USA.

Table 45: Audience figures, releases, copies and ticket sales by film origin (USA, Argentina and others)

In units and ARS -

Year 2011	USA	Argentina	Others	Total
Ticket sales (ARS)	\$ 805,606,737	\$ 59,521,190	\$ 108,010,766	\$ 973,138,693
Copies (units)	8,312	1,226	1606	11,144
Releases (units)	133	104	85	322
Audience (figures)	34,788,695	3,041,135	4,660,599	42,490,429

Source: Department for the Study and Research of the Film Industry in Argentina (DEISICA)

Considering the supply in terms of number of copies in that same year, it can be observed that the Argentine industry share was significantly smaller, since it represented 11% of this figure, whereas USA-produced films amounted to 75% and films produced by other countries accounted for 14% of the total number of units.

As regards demand, it was even less diversified than the supply, since 82% of the audience showed a preference for the USA releases, whereas nationally-produced film releases gained only 7% of the audience. The share of the audience who preferred Argentine releases maintained a downward trend for the second consecutive year, achieving a figure that represented less than half of that obtained in 2009, which was the year in which the share of the audience favouring Argentine film releases showed a peak of 15.8%,⁴⁴ the highest result in the last twenty years.

⁴⁴This indicator and its variation could be supported by the increase or decrease in the audience figures obtained by the year's most widely seen Argentine film. In fact, in 2009, the Argentine film with record ticket sales had an audience of 2.4 million people, whereas in the following years the Argentinian films with the highest audience figures did not even reach an audience of one million people.

Sector legislation and policies

INCAA ('Instituto Nacional de Cine y Artes Audiovisuales': National Institute for Films and Audio-visual Arts) is the organization responsible for the promotion of the film industry by granting funds and loans, by organizing film competitions and by offering guarantees for the exhibition of nationally-produced films in several spaces that have been designated for the benefit of the film industry.

From 2011, it was possible for directors of films and audio-visual works to start collecting copyright royalties arising from the broadcasting of their works on television.

City of Buenos Aires

In the City of Buenos Aires, policies relevant to the audio-visual sector and other creative industries were developed by the Ministry of Economic Development of the Government of the City of Buenos Aires through the DGIC (Dirección General de Industrias Creativas: General Department of Creative Industries). Within this scenario and through the initiative of DGIC together with the General Investment Department of this Ministry, an Act for the Promotion of Audio-visual Arts was passed in September, 2011.

This new Act considers the film industry as a productive activity with transformation ability compatible with that of an industrial business and whose tax treatment is the same as that of an industrial activity. The activities benefited by this Act include: production of television contents, films, advertisements, animation and video games as well as all the creative and artistic services directly related to audio-visual productions. This Act provides an area for the geographical concentration of interconnected companies related to the audio-visual industry, specialised suppliers as well as other providers and relevant institutions. This district is located in the areas known as Paternal, Chacarita, Villa Ortúzar, Palermo and Colegiales in the City of Buenos Aires.

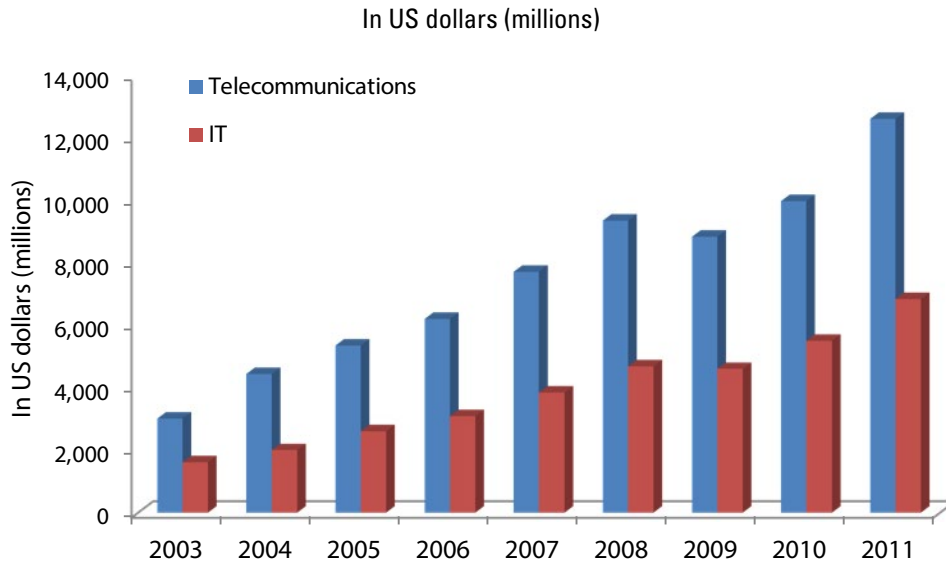
By virtue of this Act, all companies in the City of Buenos Aires that because of their turnover are considered PYME ('pequeña y mediana empresa': small and medium sized enterprises) are exempted from the payment of Gross Income Tax (ISIB: ingresos brutos). Furthermore, the companies located within this district are exempted from local taxes (such as gross income tax, public lighting and cleaning taxes as well as other stamp duties). This protection extends over 15 years in the case of companies owned by national capital and 10 years in the case of companies owned by foreign capital. The benefits within the aforementioned district are also applicable to educational activities relevant to the audio-visual industry.

8.4 Software⁴⁵

The information technology (IT) market in Argentina showed sustained growth in the 2003-2011 period. Sales in this period – shown in USD (Figure 31) – tripled their results. With the exception of 2009, variations in sales year-on-year were positive and showed increases of over 18%; this proved the existence of healthy dynamics. After the slight decrease observed in 2009, sales presented a quick recovery with results of 19% (2010) and 24% (2011).

⁴⁵Data originated by publications by the Chamber of Software and IT Services Companies in Argentina (CESSI) from joint surveys to assess the condition and evolution of this sector up to June 30th 2011.

Figure 32: Software turnover

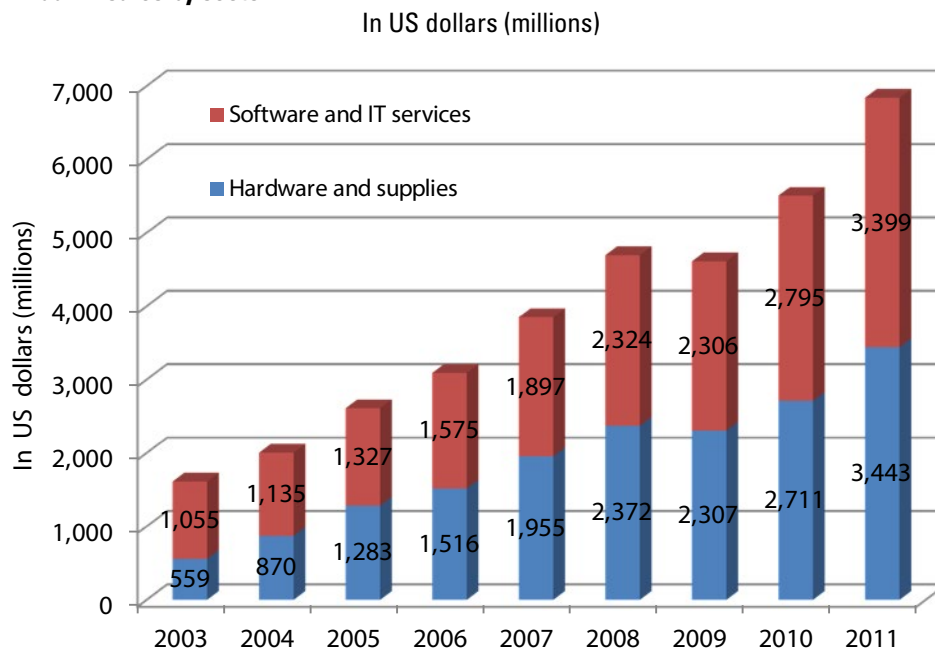


Source: CICOMRA (Chamber for IT and Communications in the Argentine Republic) – Prince & Cooke

On the other hand, information technology sales over the same period accounted for an average 52% of the total turnover in the telecommunications area, with figures of 55% and 54% respectively in the last two years.

If we analyze the annual turnover results of the IT sector in detail, we will observe that in 2011, 50% of these belonged to the hardware-supplies group, while the other 50% belonged to the software-IT services sector. The importance of this last group for the development of the IT area was significant, since at the beginning of the analyzed period it accounted for over half the sales of the IT segment, reaching a peak of 65% of the total sales in 2003.

Figure 33: Annual IT sales by sector



Source: CICOMRA (Chamber for IT and Communications in the Argentine Republic) – Prince & Cooke

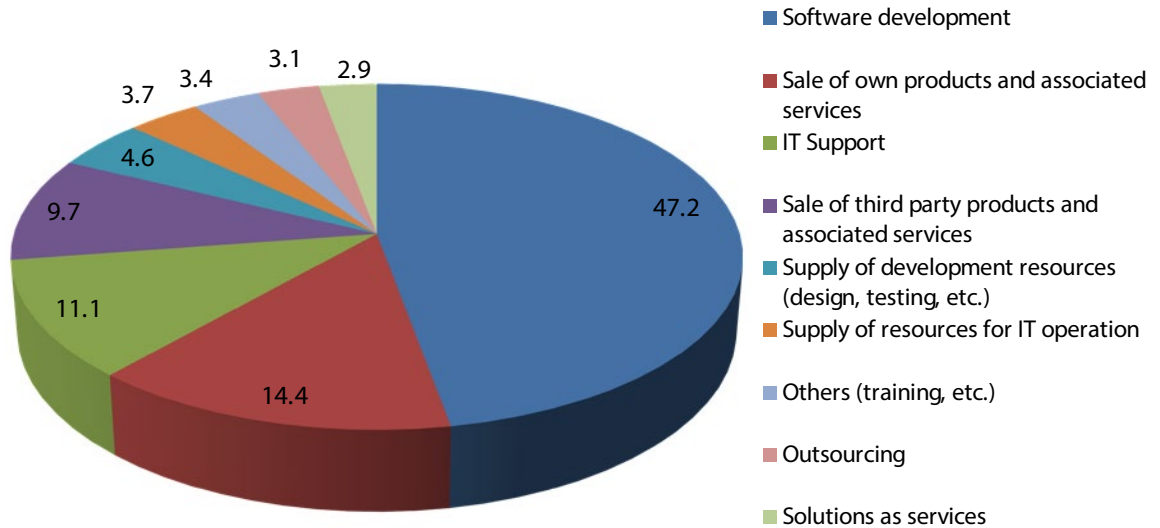
Note: 'Services' include certain solutions that may not strictly be considered of IT nature but which are provided by companies in the IT business.

If we analyze the sales of the software and IT services sector in detail, we observe that 62% of these were generated by the software development area and the sale of its own products and services.

The software and IT services demand analysis shows financial services (29%) as the main client, followed by telecommunications (12%), health (10.8%), software and IT services (10.7%), and commerce (10.1%).

Figure 34: Main software and IT services activities

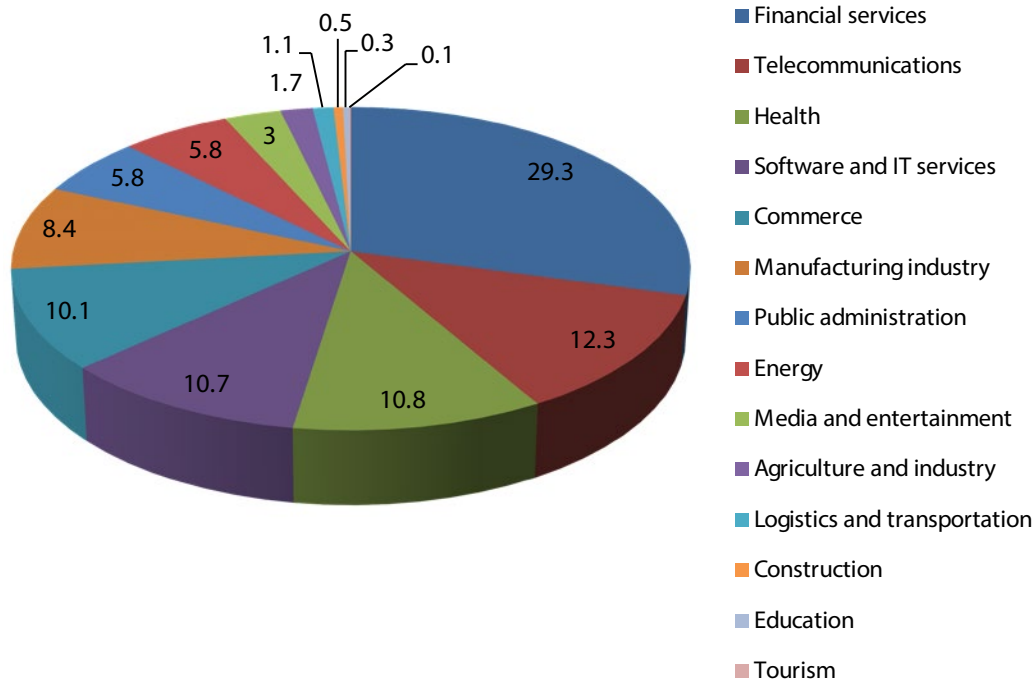
According to their share in the total sales of this group
Results of the first semester in 2012. Percentages



Source: CESSI (Chamber of Software and IT Services Companies in Argentina)

As regards client analysis, CESSI (Cámara de empresas de Software y Servicios Informáticos: Chamber of Software and IT Services Companies) states that the main IT solution clients are multinational companies, not only due to the big volume of their business but also due to their constant need for updated systems to maintain their high levels of competitiveness (Figure 34). In the analysis of the Software and IT Services export sector, we observe that sales to multinational companies represent 82 % of the total results (Figure 35).

Figure 35: Main software and IT services clients by their share in the total sales
 Percentages from the first semester in 2012

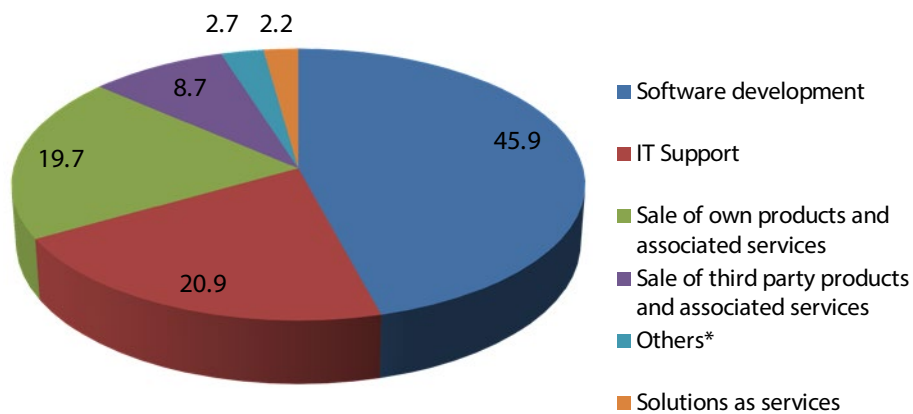


Source: CESSI (Chamber of Software and IT Services Companies in Argentina)

Income from exports represents 26% of the total sales in this sector and the software development area is responsible for practically half of this result, followed by IT support and the sale of own products and associated services.

The highest demand was registered in the USA, which accounted for 45% of the sales in the first semester of 2012. This was a decrease in the USA share, since it was 59.5% the previous year. As a result, there was an increase in the Latin American share which represented almost 50%, Chile, Peru, Uruguay, Brazil and Mexico being the leading countries with 8%, 7.9%, 7%, 5.6% and 5.5% shares, respectively.

Figure 36: Main software and IT services activities by their share in exports
 Percentages from the first semester in 2012



Source: CESSI (Chamber of Software and IT Services Companies in Argentina)

As regards the geographical location of the activities in this sector, the Chamber of Software and IT Services Companies points out that it is mainly focused in the City of Buenos Aires, although there are company clusters in different centers and regional sites all over the country, mainly in: Greater Buenos Aires, Rosario,

Córdoba, Mendoza, Tandil, Mar del Plata, Bahía Blanca, San Luis, Neuquén, North-eastern and Northern regions among other locations. According to CESSI, *'these centers have as common features the availability of qualified human resources, the importance of a university to provide entrepreneurs in the technology field and a strong entrepreneurial cooperation spirit'*.

8.4.1 Promotion of the software industry

There has been active promotion of this industry since the Acts 25856/04 and 25922/04 were passed. Act 25856/04 states that software production is an industry granted the tax, loan and all benefits inherent to any other industry by the National Government. Act 25922/04 was created for the promotion of the software industry and together with the former law sets up a regulatory and referential framework which not only provides tax advantages but also identification of this activity as one of the economic areas with the best perspectives for projected development.

As a result, a tax incentive scheme was developed for those companies in which software industry or IT services account for 50% of activities. These schemes have certain specific requirements to be observed by the companies: quality certifications, the allocation of 3% of their turnover to research and development activities, and/or 8% to exports.

The incentives scheme includes:

- Tax stability over national taxes for a 10-year period.
- Tax credit for the payment of national taxes (with the exception of income tax), equivalent to 70% of the social security contributions paid by the employers.
- 60% reduction in the total income tax amount. This benefit will be available exclusively to companies which can prove research and development expenses and/or quality certification processes and/or software exports.

At the same time, some of the provincial governments have passed laws which offer different benefits to companies that decide to locate in their territories. Among the provinces which offer these kinds of program we find: Córdoba, Chaco, Buenos Aires, San Luis, Entre Ríos, Santa Fe, Mendoza and the City of Buenos Aires, among others.

Another core aspect of the software industry is the training of human resources, not only to achieve quality but also due to the increasing employment demand in this sector. For this reason, the government has joined with a number of educational institutions and companies to provide for the training of professionals (IT programmers, analysts and consultants) in several different technology areas. Some examples of these associations appear below:

- +MAS: Through this project the Ministry of Labour, Employment and Social Security, CESSI and Microsoft offered training for 1,000 young people in 2005.
- EnterTECH I and II: Through this project the Ministry of Labour, Employment and Social Security, CESSI, Sun Microsystems and Oracle, offered training for 4,000 young people in 2006, 2007 and 2008.
- 'Invertí en Vos' (Invest in Yourself): Through the Ministry of Labour, Employment and Social Security, CESSI and Oracle provided for the training of 800 young people in 2007.
- 'Becas Control+F': together with CESSI, the Ministry of Labour, Employment and Social Security, 5 companies (Cisco, IBM, Microsoft, Oracle and Sun Microsystems) organised a training plan for 12,000 low-income young people to join IT-related companies. Additional training was given to 480 people to be in charge of this training program (2009 – 2011).

The Ministry of Education has promoted the creation of two-year Technical Degree Courses in IT in almost one hundred educational institutions (universities and other educational institutions) and has launched a scholarship plan for IT students in universities and tertiary institutions.

Finally, under the framework of Industrial Strategic Plan Argentina 2020, the software value chain organizations defined their long-term goals (For details see Annex 5).

8.5 Television and Radio

In 2009, Act 26522 on Audio-visual Communication Services was passed in Argentina. This Act sets a new regulatory framework for audio-visual communication services in the country.

The objective of this legal framework is the development of mechanisms aimed at promotion, deconcentration and encouragement of competition to lead to a decrease in prices and result in the democratization and globalization of the new information and communication technologies. A set of admission conditions and requirements regulating market shares and setting up restrictions for the multiplicity of licenses have been established. In order for these requirements to be met, some adjustments in the structure and functioning of the markets are expected.⁴⁶

Notwithstanding this fact, since it is possible that the changes expected to be made in the market as set forth by the implementation of this new rule can be fully verified at medium-term, the following descriptions have been included. They are descriptions of the television and radio markets based on available information that, in some cases, is difficult to obtain due to its specificity or is even completely unavailable.⁴⁷

8.5.1 Television

The television industry can be analyzed in terms of a production chain in which the following job roles are found:

- Content producers: They are in charge of obtaining the necessary means to develop programmes through activities such as hiring of artists (hosts, anchors, and/or performers), acquisition of rights, creative talent and the design of props or scenography (real or specially developed for the programme), as well as any other element to be provided to create the environment necessary for the development of the content.
- Television channels: They acquire the rights for broadcasting content and organise the content to form a program schedule.
- Channel marketers: These can be the channel's owners or third parties. They offer channels to the different distribution systems.
- Distributors: They choose the channels which are part of the grid provided to their subscribers, through the offer of several technologies and commercial 'packages'. To do this they use different television systems: broadcast television,⁴⁸ common antenna television services,⁴⁹ subscription-based or pay television (cable and digital,⁵⁰), decoded television,⁵¹ etc.
- Users or television viewers: They demand certain content and state their preferences, which may be observed through the rating share of each channel. These statistics are studied by companies specialised in audience measurements.

⁴⁶Ley de Servicios de Comunicación Audiovisual. Motivos de la Adecuación. (Audio-visual Communication Services Act. Reasons for adaptation). AFSCA (Autoridad Federal de Servicios de Comunicación Audiovisual: Federal Authority for Audio-visual Communication Services). National Government.

⁴⁷For an overview of media ownership structure see El Cronista (National newspaper) Special Edition 2012.- 'Quién es quién en el mercado argentino' ('Who is who in the Argentinian Market').

⁴⁸This service includes public television and the beneficiaries of television station licenses granted by the National Executive Power.

⁴⁹This service was developed as a supplement to broadcast television, thus enabling signal reception in areas where it could not be directly received. It is in charge of the reception, amplification and distribution (preferably by physical means) of the signals from one or more broadcasting stations and their repeaters and relays, to be received by their subscribers.

⁵⁰There are two types of satellite systems: i) the first uses telecommunication satellites (fixed satellite service), which connect the entity which transmits signals with the receptors, which in turn broadcast images to the audience through air or cable; ii) the second uses direct television satellite or DBS (direct broadcast satellite), whose signal can be directly received by their final recipients of the television images by setting up small diameter parabolic antennae.

⁵¹This refers to the air television system coded by certain specific bands in the radio electric spectrum – UHF (ultra-high frequency) and MMDS (multichannel multipoint distribution service)-. Their broadcasting is aimed at reception, with a previous decoding process, by the audience who are system subscribers, and it may include from 33 analogical signals up to 200 digitally compressed signals.

In Argentina there are several degrees of integration between the companies that have a part in the different stages of this chain. We can observe vertical integration between content producers and channels, or between cable television operators and marketers and also channels which offer their services directly to cable operators.

In the content production stage, it is possible to find several independent production companies which offer different kinds of products and services for the industry. For example, there are companies which offer complete audio-visual content production and/or are involved in the trading of television programmes, some of which could be offered in multiplatform formats. There are companies which not only offer their own productions but also offer customised product production and management services. There are companies which, apart from producing television content, also develop the products which are related to these television contents, such as records, movies, magazines, licenses, theatre plays, music shows, etc.⁵²

CAPIT (Cámara Argentina de Productoras Independientes de Televisión: Argentine Chamber for Independent Television Producers) founded in 1999, groups independent television producers throughout the country. Together they produce over 50% of the programmes broadcast by the channels in Argentina, and most of the programmes broadcast on national prime-time television.⁵³

In general, television channels are involved in the selection of content, the organization of this content into an organised programming schedule and the insertion of advertisement and promotions, broadcasting and processing the content.

As regards channel ownership, there are several different cases. According to CNDC (Comisión Nacional de Defensa de la Competencia: National Committee for the Defence of Competition, 2008),⁵⁴ at the time of that report two of the most important channel marketers possess their own channels and do not trade third party channels,⁵⁵ whereas other companies trade both their own and third party channels.⁵⁶

The following table (Table 46) illustrates the television channel offer in 2008 (CNDC, 2008):

⁵²For export of local content, see Pis Diez & Garcia (2013)

⁵³Source: <http://www.capit.org.ar/>

⁵⁴National Committee for the Defence of Competition. Dictamen sobre Concentraciones N° 619' (Resolution 619 on Concentration), December 2007.

⁵⁵This is the case of Television Federal S.A. whose only channel is Telefe, and Artear S.A, which is the owner of the following channels: Canal 13, Todo Noticias, Metro, Multideporte, Volver and Magazine.

⁵⁶Trading third party images implies exclusivity in a certain geographical area granted to a certain company. The extension of the covered geographical areas presents some variation, for example Argentina, Uruguay and Paraguay; or Latin America or Caribbean Islands, or worldwide. Exclusivity is not verified for broadcast channels in the primary coverage areas or in areas which are covered by their repeaters.

Table 46: Television channel offer by theme

Company	Adult Content	Broadcast	GBA (Greater Buenos Aires) Broadcast	Nationality or cultural group	Films and series	Sports	Arts	Arts/Documentaries	Content for children	News	Music	Variety	Theme										
Turner/Claixon	Playboy TV L.A. – Venus – Spice – Private – G-Channel				I-Sat – Space – Retro – TNT – TCM			Infinito	Cartoon Network Boomerang	CNN en español – CNN Interaccional – Crónica TV	HTV Argentina – Muchmusic	Utilísima Satelital – FTV											
Artear		Canal 13			Volver	Multideporte				Todo Noticias		Magazine 24											
Canal 7 Argentina Televisora Color		Canal 7																					
TEVEFE		Telefe																					
Pramer SCA			América Satelital – Azul televisión	TV Chile	Film & Arts – Europa Europa	América Sports El Garage TV	Canal á		Magic Kids	América 24	Rock and Pop TV – CM	elgourmet.com – Cosmopolitan TV – Reality TV – Plus Satelital											
Eduardo Galego				Galicia TV																			
TV5 Monde				TV5																			
Multipole				RAI								90											
Action Group				TVE Internacional																			
N/A				BBC world																			
TV Net S.R.L.				DW Deutsche Welle																			
LAP TV					Cinecanal – Cinecanal 2 – Movieworld – The Film Zone – Movie Top																		
HBO Group					Warner Channel – Cinemax – HBO Oldé – Sony – HBO Plus – AXN		Mundo		Arimax			El Entertainment – A&E											
FOX					Fox – Universal Channel – FX	Fox Sports	National Geographic		Fox Kids														
Hallmark					Hallmark																		
MGM Networks					MGM Gold							Casa Club TV											
ESPN Sur SRL						ESPN – ESPN+			Jetix – Disney Channel														
Torneos y Competencias						TyC Sports – TyC Max																	
Discovery Networks Argentina								Animal Planet – Discovery Channel – People & Arts – History Channel/ Educable – Discovery Home & Health – Discovery Travel & Living	Discovery Kids														
MTV Networks									Nickelodeon		NTV – VH1												
Juan Fabri											Solo Tango												
Televisa Networks											Telehits	C. de las Estrellas											
Telecentro										Canal 26													
Canal Rural Satelital																							

Source: National Committee for the Defence of Competition

8.5.1.1 Broadcast Television

Until the recent changes in regulations, this market had a single nationally owned public television channel, LS 82 TV Canal 7, a broadcast television channel in the AMBA, which is also broadcast in the rest of the provinces through fibre-optic links and/or air reception – so the pay television companies receive this channel and include it into their systems, and through the satellite provider TIBA – by which this channel is broadcast throughout Argentina, its neighbouring countries, and North America as well (CNDC, 2007).

In addition, there are private broadcast channels which offer direct area coverage from the location of their own station, and in several cases have repeaters in the rest of the provinces. The most important private broadcast channels are:

Table 47: Private broadcast channels

Frequency	Station Origin	Owner
LS 83 TV Canal 9	City of Buenos Aires	Telearte S.A.,
LS 84 TV Canal 11	City of Buenos Aires	Televisión Federal S.A.
LS 85 TV Canal 13	City of Buenos Aires	Artear S.A.
LS 86 TV Canal 2	City of La Plata, Province of Buenos Aires	América TV S.A.

Source: CNDC (2007)

Even though in the provinces there are broadcast television channels with their own programming, the four channels which appear in the table above are the only channels which are distributed on a national basis. They reach consumers through repeaters or through the sale of distribution rights by the owners of each of these channels, either to the channel distribution companies, or to the pay television systems.

Competition between broadcast television channels is basically a competition for audience levels, which are measured by *rating*. Ratings indicate the percentage of homes which are viewing a certain channel in a given time segment or period of time in comparison with the total percentage of homes viewing television in the same segment or period of time; audience levels are also measured by the *rating share*, which is the fraction of the ratings obtained by each channel over the total ratings obtained by all the other channels in the same segment or period of time.

The price of television advertising is set depending on these indicators. According to data from the Observatory of Creative Industries (OIC, 2011), broadcast television's total turnover in 2011 was ARS 3,617 million, current value at the time. This represented a 10.7% increase, at constant value, compared with the results obtained in the previous year. The channels in the City of Buenos Aires received 83% of this total amount (ARS 2,996 million, current value at the time), with channels 11 and 13 accounting for 80% of this amount.

AFSCA (Federal Authority for Audio-visual Communication Services, 2010), pointed out that the television system in Argentina is characterised by:

- Significant centralisation, since most of the programmes broadcast in the provinces are those originated by the so-called 'main channels' which are located in the AMBA (Area Metropolitana de Buenos Aires: Greater Buenos Aires and the City of Buenos Aires).⁵⁷ The productions which cover most of the program schedule in regions except for the AMBA area are retransmitted productions which in different regions account for 47% to 66% of the total program schedule (Table 48).

⁵⁷ AMBA: refers to the urban agglomeration comprising the autonomous City of Buenos Aires as well as the adjacent 40 municipalities (partidos) of Greater Buenos Aires. Thus, it does not constitute a single administrative unit. The area spreads south, west and north of the City of Buenos Aires. To the east, the River Plate serves as a natural boundary.

Table 48: Retransmission hours by region

December 2010/December 2011

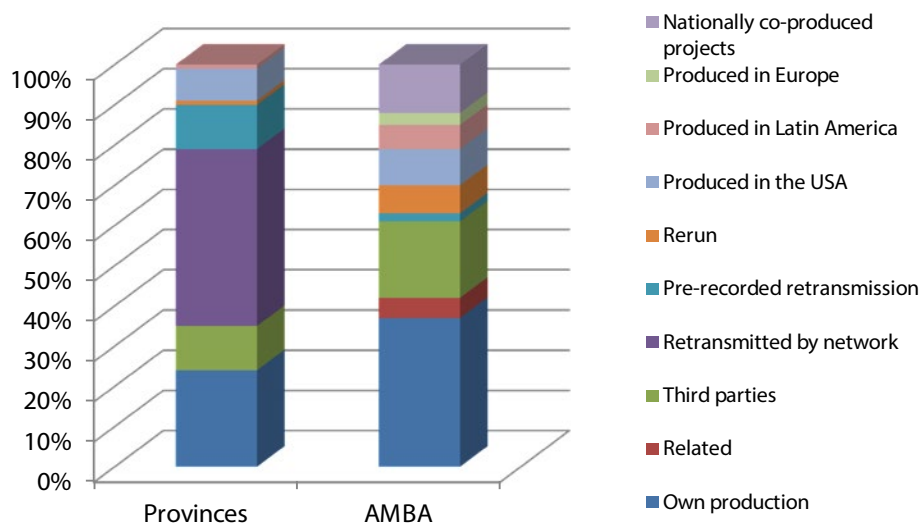
Region	Total broadcast* in hours	Total retransmitted productions in hours	Percentage of retransmitted productions in hours
AMBA	37,287.0	741.0	2.0%
Pampa	88,818.0	57,467.0	64.7%
Cuyo	43,846.0	20,463.0	46.7%
North-eastern	24,633.0	11,926.0	48.4%
North-western	34,360.0	22,708.0	66.1%
Patagonia	47,494.0	24,517.0	51.6%

(*) Includes total broadcast time with commercial breaks, which are not included in the programme. Therefore, to calculate actual content time, you must extract 12 minutes per hour (margin of error due to accumulation in each block) Source: AFSCA (2011)

- Fewer content production sources in the provinces than in Greater Buenos Aires and the City of Buenos Aires. Whereas in AMBA there are nine different sources for programming content production, in the provinces there are only five sources; including two varieties of retransmitted content (Figure 37).

Figure 37: TV productions by their origin

Period: December 2010/ December 2011. In %



Source: AFSCA (Federal Authority for Audio-visual Communication Services)

- Regarding own production, the content produced by the provinces accounts for a 24% share, whereas the content produced by AMBA accounts for a 37% share. In this last segment it must be mentioned that private channels (13, 11, 9 and 2) have a smaller percentage of own production (29%) in comparison with the public nationally owned TV channel (43%).
- In the public nationally owned channel, European and nationally co-produced content has more significant shares than those observed in the rest of the channels (14% and 22%, respectively).

Table 49: TV productions by their origin. Annual average in AMBA (Greater Buenos Aires) channels

Year 2011. Percentages

Origins	Canal 7 Argentina	Privately owned channels
Own production	43	29
Related	–	8
Third parties	13	23
Pre-recorded retransmission	3	2
Reruns	4	8
Produced by USA	1	12
Produced by Latin American countries	–	8
Produced by a European country	14	–
Coproduced by Argentina	22	10

Source: AFSCA (Federal Authority for Audio-visual Communication Services)

From the date when the Audio-visual Communication Services Act 26522/09 became effective, there are new regulations for this sector, for example minimum limits for own-produced contents or contents produced by local third parties. At the same time there are limits to the network retransmission of content to modify the structure of the market. For these reasons, some variations in these figures are expected in the medium term.

8.5.1.2 Television by subscription

This service involves mainly closed community systems (or cable television) and satellite television.

According to data collected by INDEC (Instituto Nacional de Estadísticas y Censos de la Argentina: National Institute for Statistics and Census in Argentina), in 2011 about 8,537,728 homes throughout the country had this kind of service. This accounted for 69% of the total home numbers. This indicator shows the high penetration of this type of services, particularly cable television whose beneficiaries represent an 82% share of the total number of homes with television by subscription.

Since 2005, the total number of beneficiaries of these kinds of services has shown a 60% increase. Satellite systems, on the other hand, even though they do not have the same incidence as cable television, doubled their number of beneficiaries in the exact same period (241.5%).

Table 50: Paid television beneficiaries by subscription

In units

	2005	2006	2007	2008	2009	2010	2011
Cable	4,900,000.0	5,200,000.0	5,480,835.0	6,315,000.0	6,400,000.0	6,650,000.0	7,000,937.0
Satellite	450,000.0	559,000.0	630,000.0	889,000.0	1,100,000.0	1,100,000.0	1,536,791.0
Total	5,350,000.0	5,579,000.0	6,110,835.0	7,204,000.0	7,500,000.0	7,750,000.0	8,537,728.0

Source: OIC (Observatory of Creative Industries), 2011 based on data by INDEC (National Institute for Statistics and Census in Argentina)

The main cable television providers in Argentina are Cablevisión/Multicanal, Supercanal, Telecentro and Red Intercable,⁵⁸ which operate in different geographical markets. Telecentro operates mainly in the City of Buenos Aires and its surroundings, Supercanal has wide coverage in the provinces, and Cablevisión/Multicanal has wide geographical coverage of both Buenos Aires and the provinces. DirectTV is the company which operates digital television services.

⁵⁸This is a network of cable operators which acts in representation of 220 small and medium-sized companies with presence in 500 locations in 20 provinces of Argentina.

Pay cable television offers basically two kinds of products: a) the supply of content or channels; and b) the supply of audiences, which is the audience of utmost importance for those companies which wish to advertise their products to reach such audiences (CNDC- National Committee for the Defence of Competition, 2007b).⁵⁹ From these data it can be observed that income in this market comes mainly from the payment of fees by beneficiaries of this kind of service and, on the other hand, from advertising.

As regards advertising in pay television, OIC (Observatory of Creative Industries, 2011) pointed out that the remarkable rise of 42.6%, at constant values in advertising investment in pay television in 2009, was explained mainly by the increase in the space for commercial breaks. In 2010 advertising continued with this upward trend and reached a peak of ARS 679 million at constant values (+10%). In 2011 there was a slight decrease in these results to show a total of ARS 646.4 million at constant values.

8.5.2 Radio

As was previously pointed out, the Audio-visual Communication Services Act sets forth new requirements with regard to radio services, which:

- Limit to 24 the number of broadcasting licenses for a single licensee.
- Set the limit of foreign capital, in cases where the licensees are corporations, to 30% of the share capital.
- Reserve 33% of radio-electric spectrum for non-profit organizations.
- Authorize cooperatives, national universities and indigenous peoples to participate in broadcasting services.
- Provide each province with radio frequencies (an AM one and an FM one) and with broadcast television frequencies (one). Provide each municipality with an FM radio frequency.
- Require private radio stations to have a minimum own production of 50%, and to include local news programmes.
- Require all broadcasting stations – except those devoted to foreign communities or thematic ones – to air a minimum 30% of Argentinian music.

Notwithstanding the modifications yet to be verified that are required by these new provisions, at the beginning of 2012 the AFSCA (Federal Authority for Audio-visual Communication Services) disclosed information about radio frequencies existing in Argentina.

Regarding Frequency Modulated (FM) stations, the AFSCA stated that there are 496 authorized radio stations, while 2,200 radio stations are still waiting for license. As for Amplitude Modulated (AM) stations, there are 197 of them.

The main income source in radio, as in broadcast television, is advertising. According to data published by OIC (2011), in the City of Buenos Aires radio advertising investment share was 2.9% of the total advertising investment in 2011, which shows stability in comparison with the previous year. However, it did not manage to reverse the downward trend registered since 2001, when the share was 7.7%.

8.6 Copyright Collecting Societies

Collective management of copyright is widespread in Argentina, as it has always been considered to be an efficient means to reduce the costs arising from managing copyrights and other rights (which involve protection, monitoring and collection).

Due to the fact that they are a relatively new type of organization, Copyright Collecting Societies (CCSs) were not included in the Act 11723 of 1933, and their incorporation into the legal and institutional system regulating copyright was slow. However, in 1936 SADAIC (Sociedad Argentina de Autores y Compositores de

⁵⁹This characteristic of the industry is known as a 'two-sided market'. Resolution 637 about economic concentrations. December, 2007.

Música: Argentine Society of Music Authors and Composers), was founded as the first CCS for the purpose of collecting copyright royalties whenever musical works included in its repertoire were publicly played.

CCSs have grown in number and importance over time. There are many reasons for this, one of them being the economic development of activities protected by copyright, as well as the creation of new areas or activities also protected by it, together with the increasing awareness on the part of major agents of the need to have efficient mechanisms to protect their rights and collect their royalties, and the considerable difficulty of collecting fees as a result of technological advances, which, among other consequences, reduce the marginal cost of illegal copies. For these reasons, there has recently appeared a wave of new CCSs, such as the Performers' Society.

The figures shown in previous chapters dealing with the estimations of CBIs demonstrate their importance in terms of added value and employment.

8.6.1 SADAIC (*Argentine Society of Music Authors and Composers*)

In 1936, SADAIC was created as a result of the merger of two authors' organizations, the Argentine Association of Authors and Composers of Music and the Society of Music Authors and Composers. Its objective was to collect copyright royalties in cases where musical works included in its repertoire were publicly played.

This CCS was acknowledged by Act 17,648 (Regulatory Decree 5,146/69) as a private civil and cultural association, thus granting it exclusive rights regarding management of both Argentinian and foreign music composers.

The reason behind the creation of SADAIC has been explained in these terms: 'The theoretical aspect previously described does not just regard individual management of copyright to be something simple to do, as it is the case in other property rights cases'. There are scenarios in which it may be 'impossible for the right holder to control the use of his work, fix a royalty fee which is reasonable to his understanding, or even prohibit its use if he shall deem it appropriate.' For these reasons, it was necessary to 'find a solution to adequately defend those rights protected by law'. Thus, SADAIC was legally given 'exclusive collective management of authors and composers of music, being the only organization authorized to collect and distribute the copyright royalties arising from the use of musical works, whether they be Argentinian or foreign. In the case of the latter, SADAIC operates by complying with the reciprocal representation agreements it entered into together with other similar associations of countries throughout the world'. It has also been highlighted that due to its revenue volume, it is the number one association in Latin America, and it is listed among the top fifteen societies in the world.⁶⁰

As set forth in section 3 of the regulatory decree, with regard to the use of the repertoire undertaken, SADAIC is authorized to:

- (a) Determine the conditions to be complied with by users. Grant or deny previous authorization, as provided in section 36 of Act 11,723, and related provisions.
- (b) Fix copyright royalties.
- (c) Require users to submit affidavits. Verify that the documents are correct.
- (d) Request preparation and presentation of set lists, as well as programs and other verification elements.
- (e) Monitor revenues arising from ticketing, box offices and other values and methods established in order to fix fees.
- (f) Request legal, administrative and police authorities' intervention for enforcement of Act 11,723.
- (g) Implement other enforcement action Act 17,648.

⁶⁰From: [http:// www.sadaic.org.ar](http://www.sadaic.org.ar) – May 1s t 2013.

Until 2000, SADAIC also collected royalties derived from public performance of musical movies, but this authorization was withdrawn in that year. As from that moment, SADAIC has no longer been authorized to collect royalties for public performance of such films.⁶¹

According to *Memory and Balance*, in terms of recent developments, the total membership of SADAIC 2002/2003 was 28,705, of which 19,102 are members, 9,380 are enrolled and 223 are represented publishers. For the year 2011/2012 it had 19,970 members, 18,997 registrants and 300 publishers represented, which makes a total of 39,267 members (+36.8% over the period 2002/2003). As for collection, for the period 2002/2003 was 95.3 million pesos (76.6 million and 18.8 million domestic revenue collection outside) while the period 2011/12 totaled 627.2 million pesos (\$ 589.8 national outdoor \$23.1 and \$14.4 for and on behalf of the National Endowment for the Arts, NEA). Net latter concept (NEA), revenue increased by 543% in current pesos between the two periods.

8.6.2 Argentores (General Society of Authors of Argentina)

Argentores (Sociedad General de Autores de la Argentina: General Society of Authors of Argentina) is a CCS created by the Act 20,115 in 1973 which groups literature authors and playwrights (theater writers, cinema, radio and TV scriptwriters, etc.) together and is in charge of collecting their copyright royalty fees.

Section 1 of the previously mentioned law acknowledges Argentores as a 'private civil cultural mutual association which represents Argentinian and foreign creators of works related to literature, drama, musical drama, cinema, television, radio, choreography, pantomime, journalism, entertainment, and to the scripts for continuity of shows, whether they be written or broadcast by radio, cinema or television, or recorded on a support capable of registering sounds, images, or images and sound'. Furthermore, the society is 'the representative of the heirs and assignees of authors as well as of those foreign authors' associations it is linked to through agreements of mutual assistance and representation. It shall also be the sole administrator of said works, and the only authorized organization to collect the sums yielded by the use of the mentioned author repertoires'. Because of this, Argentores is 'in charge of collecting in all of the territory of Argentina the whole of the copyright royalty fees yielded by the use of said works in public performances or for broadcasting purposes whether by radio, cinema or television or any other broadcasting means already in existence or to be created in the future, that is recorded on a material support capable of registering sounds, images, or images and sound, whatever the means and the methods.'

8.6.3 AADI (Argentine Performers Association) and CAPIF (Argentine Chamber of Phonogram and videogram producers)

Performers and producers of phonograms and videograms are grouped in two different associations: AADI (Asociación Argentina de Intérpretes: Argentine Performers Association) and CAPIF.

According to Decree 1,771/74, AADI is in charge of representing performers and professional musicians, whereas CAPIF represents phonogram producers. In 1975 AADI-CAPIF was created to act as a single collection agency for both associations (Decree 1,670 and decree 1,671/74). Out of the total amount collected, 67% corresponds to AADI and 33% to CAPIF.

8.6.4 SAVA (Argentine Association of Visual Artists)

The CCS in charge of collective management of copyright of visual works is SAVA (Sociedad de Artistas Visuales Argentinos: Argentine Association of Visual Artists), which was founded as a Non-profit Civil Association, having been granted its legal status by the Corporation Control Authority on September 10th 2008.

Its objective is to defend the copyright of photographers, artists, sculptors, drawers, engravers, and of all other forms of art belonging to the visual arts. To such end, it grants copyright licenses to use the works of the artists it represents. Moreover, SAVA is in charge of collecting the royalty arising from Public Domain (see annex III), which is then handed to the Argentinian National Endowment for the Arts, which uses it

⁶¹See SC. Mendoza, Sala I, 2000/11715 – SADAIC c. Andesmar S.A. Repertoire LL LXI-2001-J-Z, page. 1673 and Argentina's Supreme Court of Justice – 23.03-2004 – SADAIC c. Andesmar S.A. S. 129. XXXVII, quoted by Fernández Delpech, *op.cit.*, 142-143.

to promote cultural activities in Argentina. According to SAVA's website, it represents more than 50,000 Argentinian and foreign visual creators.⁶²

8.6.5 *Reprographic rights*

CADRA (Administration Center of Reprographic Rights) is a non-profit civil association which was authorized by the Registration Office of Legal Entities in 2002, and whose objective is to defend copyright against the phenomenon of reprography by collecting copyright royalty fees on behalf of authors and publishers of books and periodical publications.

CADRA is different from other CCSs in that it does not have exclusive management of these rights, consequently not all the authors and publishers in Argentina are members of this organization. However, CADRA is the only currently existing institution to protect the rights in this field.

As stated in CADRA's own articles of association, its main functions are: fighting against piracy; granting paid licenses for partial photocopying of works under certain conditions; collecting copyright royalty fees yielded by the licenses granted; distributing the collected fees among authors and publishers; controlling photocopying; taking court actions to defend its represented parties; and raising awareness of respect for copyright.

Currently, CADRA is a member of IFRRO (International Federation of Reproduction Rights Organizations) and receives the support and cooperation of CERALC (Regional Center for the Promotion of Books in Latin America and Caribbean).⁶³

According to the *Memoirs*, CADRA had granted 459 authorizations partial reproduction under compensation at the year 2011, including a significant percentage of public and private universities in the country. The associates amounted to 925 authors and 169 editors. The proceeds distributed for the year amounted to a total of 584,255 pesos.

8.6.6 *Collective management of the audio-visual sector*

Within this sector a distinction must be made between rights belonging to artists, film directors, and film producers.

SAGAI (Sociedad Argentina de Gestión de Actores Intérpretes: Argentine Management Society of Actors and Performers), was created by Decree 1,914/2006 and its objective is to manage the intellectual property rights of artists belonging to the sector (actors, dancers, dubbing actors) whose performances have been fixed on audio-visual support. It was acknowledged by this decree to be the only CCS authorized to manage the rights of actors and dancers. It currently represents more than 2,500 artists across Argentina,⁶⁴ and apart from its role as collector and distributor of the corresponding royalties, it also promotes cooperation and cultural activities organized by the SAGAI Foundation.

According to the records, in 2011 SAGAI collection amounted to 34.2 billion pesos, which were divided into: 18.4 million as duty payable (net of funds for future contingencies), 9.6 million as a management fee (set for the year 2011 as 28% and 25% for 2012) and 3 million Social Fund contribution. Operating expenses were 6.2 million pesos.

The organization DAC (Directores Argentinos Cinematográficos: Argentine Film Directors Association) represents film directors, and even though it has existed since 1958, it was only in 2009 that it was acknowledged by Decree 124/09 to be the only representative organization authorized to collect and distribute copyright royalties for film directors and for Argentinian and foreign audio-visual works in the whole of Argentina. DAC, whose latest articles of association date from 2006, is a member of CISAC (Confederación Internacional de Sociedades de Autores y Compositores: International Confederation of Authors and Composers Societies) based in Paris.

Finally, collective management of those copyright royalties yielded by exhibition of cinematographic works which are outside DAC's normal scope will be carried out by Argentores (Fernández Delpech, *op.cit.*, 146).

⁶²See <http://www.sava.org.ar>. Accessed on May 1st 2013.

⁶³See <http://www.cadra.org.ar>. Accessed on May 1st 2013.

⁶⁴See <http://www.sagai.org.ar>; Accessed on May 1st 2013.

9. CONCLUSIONS AND RECOMMENDATIONS

9.1 Conclusions

The following are the main conclusions of the research work done on the IPDAs.

– Legal and Institutional Framework

- In short, Argentina has an original legal framework that, although dated, has been regularly revised to integrate the changes produced by technological advances, the emergence of new formats and media, and the recognition of rights for other actors of the industry, among other innovations. Additionally, the Argentine regulatory system recognizes international agreements in this area, and the country has adhered to most of them.
- The Argentine Republic does not have either specific subject matter courts or an administrative court for dispute resolution between parties. Ordinary civil and commercial courts and ordinary correctional courts have jurisdiction on this subject matter. The usual practice for the exercise of these rights in the Argentine Republic has been basically the negotiation of out-of-court settlements between parties. Even so, the degree of conflict identified is low, and cases brought to justice are scarce.
- With regard to piracy, the fact that few cases have been brought to justice indicates that the number of prosecutions is not a good basis for studying the level of illegal activity and infringement in this sector. There are no official statistics, or the information is not reliable enough, to allow us to infer with relative accuracy the degree of piracy of goods protected by copyright, even when interviews, the indirect sources and partial studies suggest that the infringement level is generally high, although it differs greatly between sectors and goods.
- Collective management of copyright is widespread in Argentina, as it has always been considered to be an efficient means of reducing the costs arising from managing copyrights and other rights (including protection, monitoring and collection). Due to the fact that they are a relatively new type of organization, CCSs were not included in the Act 11723 of 1933, and their incorporation into the legal and institutional system regulating copyright was slow. However, in 1936 SADAIC was founded as the first CCS. In recent years we have incorporated some new CMO as SAGAI. The reprographic rights association linked to CADRA does not yet have a legal framework equivalent to other CCS.

– Statistical aspects and estimates

- Making a study with these characteristics implies the need to have access to statistical sources with a high level of disaggregation to allow for precise measurement of the industries related to copyright. There was no access to micro data which allowed for a disaggregation at product level and it was necessary to resort to other sources to make the various adjustments. Therefore, it was very valuable to have access to the figures of the last economic census with data for 2003, the only source with information at 5 digits ISIC for value added and for registered employment.
- Results for Argentina indicate that CBIs contributed 3.5% of GDP for 2003 and that they increased their contribution to reach 4.7% in 2008, the last year of the present study. The core industries are the main component of CBI: they are 70% of the total (3.3% of Argentina's GDP in 2008)
- CBIs make a greater contribution to GDP than sectors such as fishing, hotels and restaurants and personal services, and a similar contribution to that of financial intermediation services.
- The period considered in this study was a period of significant GDP growth because there was an important recovery of the Argentine economy after the deep economic crisis which began by mid-1998 with the Brazilian devaluation and the Russian crisis, and which ended up as the worst economic and social crisis suffered by the country since 1930. In this context of recovery, GDP grew at an annual accumulated rate of 8%. CBI dynamism was even greater than that of the whole

economy. In every year of the series, CBIs present growth rates which are greater than those of GDP. This behaviour can be explained by the importance acquired by interdependent activities.

- Growth in employment generated by CBIs is also significant. While jobs in the whole economy increased by 27% in the period under study, CBI employment grew by 44%; core industries stood out with an increase of 48%.
- CBIs contributed 2.7% of employment in 2003 while in 2008 the contribution was 3%. Core industries were the ones with the greater contribution, representing 66% of total employment of CBIs.
- In relation to foreign trade, though the goods trade balance of CBIs showed a deficit, the exports growth of services must be highlighted. The evolution of exports of computing and information services as well as advertising and audiovisual services stands out. Exports of these sectors are considerably higher than their imports. Services exports grew from beginning to end of the period by 417%, while imports grew by 153%. Likewise, in all the period, Argentina was a net exporter of services related to CBIs.
- Exports of goods produced by CBIs represented just 0.6% of total exports. The most important industries, with contributions between 50% and 59% in the period, were the interdependent industries, mainly paper manufacturing.
- In the case of imports, they were around 6% to 8% of total imports. The most relevant were the interdependent industries, with a contribution of 90% to total CBI imports, basically imports of computers and computing equipment.

– **Sectoral and market aspects**

- In order to obtain a summary description of some industries related to copyright and based on available information, a selection was made of those connected with the book industry, phonograms, films, software, radio and television.
- The study shows that, in general, those industries operate under competitive conditions because they are about activities based on ongoing creative processes, unpredictable, and without significant barriers to entry, even when dealing with mature markets.
- Additionally, these sectors face technological innovations that have an impact on their production and distribution process, bringing in more competition in the markets and creating new business opportunities (electronic books, phonogram digital distribution, demand for services associated to information technologies, etc.). These drive forward their economic activity and promote new jobs, in general those that require qualified skills or non-traditional ones (for example: software or visual arts).
- Throughout the last decade, the dynamics of these markets have been affected by the macroeconomic dynamics described above, levered by sectoral policies that strongly stimulate the activity of some of them, such as films and software. In the cases of radio and television, regulatory changes have been brought in with the approval of a new legal framework that will have an impact on them, although this not fully evident yet.
- This reality demands proactive economic agents – both public and private – being able to figure out market channels and to react speedily for a better exploitation of up-coming opportunities, with a long-term and strategic perspective; a factor that is present in all of these markets.

9.2 Recommendations

The following are a series of recommendations, resulting from the conducted research, regarding public policies and actions to be taken in relation to CBIs.

– Legal and Institutional Framework

- Act 11723 of 1933 has always provided for essential aspects of copyright. Over time, this regulation has been modified and/or enforced in several opportunities. Yet successive interventions have left out aspects to be considered, i.e. 'legal gaps' which can be precisely amended either by rewriting the law, or through updated legislative techniques which now exist.
- The need and opportunity should be assessed for the enactment of new legislation introducing basic definitions and establishing principles that allow for a clear scope of those concepts regulated by the current legal framework, so that new formats and other developments that emerge as technology advances are also included. Nonetheless, writing a new comprehensive and updated law should be done in a careful manner in order for copyright not to be altered in any way, taking into account that neither the actors in the sector, nor the authorities, have accused the inadequate legal framework of being a significant problem *per se*. Likewise, a new law should be as flexible and comprehensive as the law of 1933, which through supplementary laws and regulations has allowed for inclusion of the innovations that have occurred for over seventy years, without it becoming necessary for it to be abolished or for its fundamental aspects to be altered. In addition to these caveats, any legal changes should be accompanied by a deep study of their social and economic impact, and should come from a broad consensus among all actors involved.
- Argentina is one of the countries in Latin America with the largest jurisprudence on copyright. Enhancing the technical and professional training on copyright matters would avoid heterogeneous criteria in justice administration, which occur when there is a lack of common criteria. Consequently, even though Argentina does not require the formation of a court with subject matter jurisdiction on intellectual property rights, it is necessary to enhance, deepen and update the training of officers of the Judiciary (judges, secretaries, etc.), lawyers, public officials dealing with intellectual property issues, experts, etc. in matters related to copyright, so that the intervening parties can duly exercise their duties with utmost responsibility.
- In the case of reprographic rights, the collective management society CADRA (Administration Center of Reprographic Rights) is not within an equivalent legal framework to that governing the collective management societies of other sectors, which translates into inefficient management of certain patrimonial rights of the corresponding copyright. An SGC included in a strong legal framework as a result of wide consensus of their main actors might make an institutional improvement and generate a considerable economic result both currently and in the future, and supported, among other things, in a study of their social and economic impact.

– Statistical aspects and estimates

- It is important for any country to have a national statistical system which is constantly updated and complies with international field standards, since it is fundamental to have a comprehensive record of economic activities and to be aware of their technical relations (supplies/product) in order to have access to all information that national accounts can offer to public policy-makers. Should this not happen, any information that requires data from these sources and any methodology derived from them – such as satellite accounts or economic contribution calculations of any activity, etc. – will be limited, because of not complying with the requirements of reliability, relevance and opportunity, thus limiting the scope of any study, research or calculation to be carried out with regard to CBIs.
- To carry out studies of these features requires a large amount of statistical information from official sources with a high level of disaggregation. Unfortunately, it is difficult to obtain the level of detail required to accurately measure the industries based on copyright, in some cases because it is not in their interest to maintain such a breakdown for the aims pursued and, in other cases, because the estimates are not publicly accessible. It would be necessary, therefore, to achieve certain agreements

or arrangements with official statistical agencies to access the information, or develop joint proposals for a periodic survey of the same.

- Monitoring of the dynamics of CBLs should be fostered by establishing a number of indicators that show the status of selected activities, so that there can be control of occurring changes and anticipation of phenomena, in order to be able to deal with potential situations and/or problems.

– **Sectoral and market aspects**

- The stability, rationality and monitoring of sector incentive mechanisms (for example in the book industry, software industry and film industry) should be stimulated, as these have allowed for expansion of activities and investment in industries protected by copyright. This should form part of an international long-term policy of development and integration which complies with intellectual property rights and with the agreements and treaties signed by Argentina.
- Likewise, in order to create a profitable sector that is socially responsible and sustainable over time, it is key to have a legal framework to organize the domestic market (especially, radio and television) and a stable regulation of promotion of exports (for example, audio-visual works, software, etc.).
- In this regard, it is recommended that regulatory changes are supported by thorough research concerning diagnosis and impact (both economic and social) of the reforms. It is also important for these changes to have wide sector and social consensus, so that legal and regulatory amendments are not the result of specific controversies or of practices or trends in vogue, which would eventually have a negative impact on society in the long run, when they are reverted or when there is a change in the circumstances in which they were introduced.

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Annexes

Annex 1 List of people interviewed

- Sebastian Bloj. General Director General of the Argentina Collective Society of Actors and Performers (SAGAI).
- Ana María Cabanellas. Ex-President of the Argentine Book Chamber (CAL). President of local publishing companies.
- Javier Delupi. CEO of the Argentine Chamber of Phonograms and Videograms (CAPIF)
- Emma Espagne. National Director of International Accounts. National Institute of Statistics and Census (INDEC).
- Eduardo Falcone. Head of Collections of the Argentine Society of Authors and Compositors (SADAIC).
- Gerardo Filippelli. Legal Advisor of the Argentine Book Chamber (CAL).
- Mónica Herrero. Lawyer, expert in copyright and consultant in publishing.
- Magdalena Iraizoz. Executive Director of the Center of Reprographic Rights Management of Argentina (CADRA)
- Graciela Peiretti. National Director of Copyright of Argentina, National Minister of Justice.
- Ethel Pis Diez. Professor and researcher in Media Economics, University Austral.
- Claudia Reboiras. MA in Intellectual Property. Head of the Copyright Sector of the Planeta Publishing Group, company of the Argentine Publication Chamber (CAP)
- Gustavo Rodriguez. National Director National of National Accounts. National Institute of Statistics and Census (INDEC).
- Gustavo Schötz. Director, Intellectual Property Center, School of Law, University Austral.
- Diana Segovia. Institutional Manager of the Argentine Book Chamber (CAL)
- Laura Teseiro. Businesswoman of music companies.
- Federico Villalba Díaz. Professor of Copyright, MA in Intellectual Property University Austral. Advisor in Copyright issues of the Civil and Commercial Chamber and House of Corrections. Member of the Board of CADRA
- Fernando Zambra, Director of Promage consulting firm specialising in strategy.

Annex 2: National legal framework for Copyright⁶⁵

Copyright:

Act 11,723	– Act of Intellectual Property.
Decree 41,233/34	– Regulation of Act 11,723.
Decree 31,964/39	– Deposit in 'custody'.
Decree 71,180/40	– Return unpublished works deposited in 'custody'.
Decree-Act 6,422/57	– Indication of editors or directors responsible for periodicals.
Decree 16,697/59	– Affidavit of published works. Regulations Article 61 Act 11,723.
Decree 7,616/63	– Renewal of deposit of unpublished works.
Decree 8,478/65	– Public performance of music- Authorization of the authors.
Decree 746/73	– Interpreters – Regulation of Article 56 Act 11,723.
Decree 447/74	– Microfilm of periodicals.
Decree 1,670/74	– Modification Articles 35 and 40 Decree 41,233/34 and regulations on performers.
Decree 1,671/74	– Rights of performers and phonogram producers – Remuneration – Creation of AADI-CAPIF- Collecting civil association.
Decree 165/94	– Protection of software and database.

Paying public domain system:

Decree	– Act 1,224/58 – Creation of the National Endowment for the Arts.
Decree 6,255/58	– Regulation of the National Endowment for the Arts.
Resolution 15,850/77	– Legal Framework on Rights of Paying Public Domain (T.O. 1978).
Resolution 21,516/91	– Tax on films edited in magnetic (video – cassette).

Gestión Colectiva de Derechos de Autor y Conexos:

Act 17,648	– Sociedad Argentina de Autores y Compositores de Música (SADAIC).
Decree 5,146/69	– Regulation Act 17,648.
Act 20,115	– General Society of Authors of Argentina (Argentores).
Decree 461/73	– Regulation Act 20,115.
Decree 1,671/74	– Creation AADI – CAPIF – Collective Association.
Decree n° 1,914/06	– Recognition of the Argentine Society Actors Management Civil Performers Association – SAGAI – as a representative of the actors and dancers from Argentina and abroad for the collection and management of intellectual rights over their interpretations.
Decree 124/09	– Recognition of the Directores Argentinos Cinematográficos (DAC.) as the representation within the national territory of film-makers and authors of local and foreign audio-visual works and their beneficiaries, for the collection, management and sharing of their intellectual rights to fixed audio-visual works in any hardware.

⁶⁵ Source <http://www.jus.gob.ar/derecho-de-autor.aspx>; accessed on May 1st 2013.

International Agreements:

Treaty on Literary and Artistic Property, Montevideo, 1889 (Ratified by Act 3,192).

Convention on Literary and Artistic Property, Buenos Aires, 1910 (Ratified by Act 13,585).

Inter-American Convention on Copyright in Literary, Scientific and Artistic Works, Washington, 1946 (Ratified by Act 14,186).

Universal Convention on Copyright, Geneva, 1952 (Ratified by Decree-Act 12,088/57).

Bern Convention for the Protection of Literary and Artistic Works, Bern, 1886 – Brussels Act, 1948 (Ratified by Act 17,251).

Paris Act, 1971 (Ratified by Acts 22,195 and 25,140).

Convention Establishing World Intellectual Property, Paris, 1971. Amended in 1979 (Ratified by Act 22,195).

Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of Phonograms, Geneva 1971 (Ratified by Act 19,963).

International Convention on the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Rome, 1961; Geneva, 1987 (Ratified by Act 23,921).

Treaty on the International Registration of Audio-visual Works, Geneva 1989 (Ratified by Act 24,039).

Agreement on Trade-Related Intellectual Property Rights (Ratified by Act 24,425).

WIPO Treaty on Copyright, Geneva, 1996 (Ratified by Act 25,140).

WIPO Treaty on Performances and Phonograms, Geneva, 1996 (Ratified by Act 25,140).

Annex 3: List of copyright-based industries for Argentina by ISIC CNE'04

1. Core Copyright Industries

Sector	Economic Activity	ISIC Rev. 3.1.	ISIC CNE'04
Press and literature	Authors, writers, translators	9214	
		7499	
	Newspapers	2212	
	News and feature agencies	9220	
	Magazines/periodicals	2212	
	Book publishing	2211	
	Cards, maps, directories and other published material	2219	
	Pre-press, printing, and post-press of books, magazines, newspapers, advertising materials	2221	
		2222	
	Wholesale and retail of press and literature (book stores, newsstands, etc.)	5139	
5239		52381 and 52382	
Libraries	9231		
Music, Theatrical Productions, Operas	Composers, lyricists, arrangers, choreographers, writers, directors, performers and other personnel	9214	
		9219	
		9249	92499
	Printing and publishing of music	2213	2219
	Production/manufacturing of recorded music	2230	2219
	Wholesale and retail of recorded music (sale and rental)	5233	52356
		5139	
Artistic and literary creation and interpretation	9214		
Performances and allied agencies (booking, ticket agencies, etc.)	9214		
Motion Picture and Video	Writers, directors, actors	9214	
	Motion picture and video production and distribution	9211	
	Motion picture exhibition	9212	
	Video rentals and sales, video on demand	7130	71301
		9211	
	Allied services	2230	2219
Radio and Television	National radio and television broadcasting companies	9213	
	Other radio and television broadcasters	9213	
	Independent producers	7499	9211
	Cable television (systems and channels)	6420	6422
	Satellite television	6420	6422
	Allied services	9213	
Photography	Studios and commercial photography	7494	
	Photo agencies and libraries	2222	
		9231	

Software and Databases	Programming, development and design manufacturing	7221	7220
		7229	7220
	Wholesale and retail pre-packaged software (business programs, video games, educational programs, etc.)	5151	51592
	Database processing and publishing	7240	
		7230	
Visual and Graphic Arts	Artists	9214	
	Art galleries and other wholesale and retail	9214	
	Picture framing and other allied services	7494	
	Graphic design	9214	
Advertising Services	Agencies, buying services	7430	
Copyright Collecting Societies	Copyright Collecting Societies	9112	

2. *Interdependent Copyright Industries*

Sector	Economic Activity	ISIC Rev.3.1.	ISIC CNE04
Manufacture, wholesale and retail (sales and rental) of:	TV sets, radios, VCRs, CD players, DVD players, cassette players, electronic game equipment and other similar equipment	3230	
		5139	
		5233	52356
		7130	71309
	Computers and equipment	3000	
		5151	51592
		7123	7120
	Musical instruments	3692	3699
		5139	
	Photographic and cinematographic instruments	5233	52356
		3320	
		5139	51519
	Photocopiers	5239	52371
		3000	
	Blank recording material	5159	51514
		2429	
		5152	51514
	Paper	5233	52356
		2101	
		5149	51492
			5239

3. *Partial Copyright Industries*

Sector	Economic Activity	ISIC Rev.3.1.	ISIC CNE04
Apparel, textiles and footwear	Apparel, textiles and footwear	1810	1811+1812
		1721	
		1920	19201+19202
		5131	
		5232	5233
Jewelry and coins	Jewelry and coins	3691	3699
		5139	51342
		5239	52372
Other crafts	Other crafts	5239	52373
Furniture	Furniture	3610	36101+36102+36103
		5139	5154
		7130	71309
Household goods, china and glass	Household goods, china and glass	2610	26101+26103
		2029	
		2899	
		5139	5135
		5233	5235
Wall coverings and carpets	Wall coverings and carpets	1722	1729
		2109	
		5239	5232
Toys and games	Toys and games	3694	3699
		5139	
		5239	52393
Architecture engineering surveying	Architecture, engineering, surveying	7421	
Interior design	Interior design	7499	
Museums	Museums	9232	

4. *Non-dedicated Support Industries*

Sector	Economic Activity	ISIC Rev.3.1.	ISIC CNE04
General wholesale and retailing	General wholesale and retailing	511	51
		513	
		515	
		519	
		521	52
		523	
		525	
General transportation	General transportation	601	60
		602	
		61	61
		62	62
Telephony and internet	Telephony and internet	6420	64

Source: own elaboration based in WIPO

Annex 4: Argentine exports by category

Argentine exports by category in millions of US dollars						
	2003	2004	2005	2006	2007	2008
1. Primary Products	6,471	6,852	8,110	8,625	12,485	16,083
Raw seafood	622	477	441	804	662	824
Hake	38	52	44	56	56	68
Corvina and other frozen	76	81	89	107	118	141
Crustaceans (shrimp, scampi)	383	216	85	369	291	385
Squid	73	79	171	170	115	157
Others	52	49	53	101	82	73
Fresh fruits	473	548	687	721	921	1,267
Apple	82	91	125	117	158	175
Pears and quinces	149	154	209	211	271	338
Citrus	182	224	248	235	326	572
Others	61	79	105	159	166	182
Grains and oilseeds	4,303	4,523	5,252	4,915	8,358	11,659
Wheat	941	1,367	1,281	1,472	2,016	2,566
Corn	1,235	1,195	1,368	1,264	2,253	3,553
Soy	1,843	1,738	2,296	1,779	3,435	4,621
Others	284	223	308	400	653	919
Cooper ore and concentrates	474	665	996	1,335	1,486	994
Other primary	599	640	734	849	1,059	1,338
2. Manufactures of agricultural origin	10,004	11,927	13,142	15,265	19,214	23,883
Meat	736	1,230	1,652	1,613	1,822	2,192
Bovine (fresh,refrig, frozen and corned beef)	592	1,015	1,356	1,281	1,393	1,620
Others	144	215	295	332	429	572
Fish and shellfish	255	322	353	418	422	446
Milk products and eggs	271	525	604	770	639	814
Fats, oils and waste of the food industry	6,341	7,008	7,323	8,537	11,692	14,853
Sunflower	553	562	718	700	630	1,512
Soy	2,085	2,344	2,247	2,790	4,419	4,922
Soy flours and pellets	3,267	3,607	3,798	4,363	5,748	7,197
Others	436	496	559	685	895	1,222
Hides and skins	727	837	836	918	1,007	934
Other manufactures of agricultural origin	1,675	2,005	2,374	3,010	3,633	4,644

3. Manufactures of industrial origin	8,047	9,616	11,985	14,843	17,333	22,059
Chemicals and related products	1,560	2,018	2,301	2,610	2,938	4,293
Artificial plastic materials	697	941	1,149	1,224	1,203	1,478
Paper, cardboard, printing and publishing	389	482	495	582	626	650
Textiles and clothing	211	272	291	309	329	385
Precious stones and metals	116	140	150	561	583	783
Base metals and their manufactures	1,545	1,713	2,319	2,484	2,817	3,470
Machinery, electrical equipment	865	1,063	1,324	1,569	1,976	2,427
Land transport equipment	1,433	2,060	2,891	4,034	5,319	6,506
Air, sea and river vehicles	536	47	97	357	396	845
Other manufactures of industrial origin	697	882	969	1,111	1,146	1,222
4. Fuel and energy	5,417	6,181	7,150	7,813	6,949	7,996
Crude oil	2,296	2,263	2,509	2,406	1,296	1,691
Fuels	2,024	2,442	3,014	3,413	3,945	4,350
Petroleum gases and others hydrocarbons	872	1,164	1,254	1,512	1,297	1,456
Electric power	37	67	101	193	104	202
Others	188	245	273	289	307	297
Total	29,939	34,576	40,387	46,546	55,980	70,021

Source: Balance of Payment, INDEC

Annex 5: Argentina 2020 Industrial Strategic Plan (Software)

The first meeting of the group for the implementation of the Software and IT Services Value Chain was held in April 2012 in the framework of the Industrial Strategic Plan Argentina 2020 (PEI). The objective is to achieve the quantitative goals set up by PEI 2020, such as the increase in the Gross Production Value to USD 7,330 million, the creation of 74,000 new jobs by 2020 and the increase in the number of university graduates per year with an average of 6,250 (2018-2020).

There were two operational guidelines organized in two roundtables with the presence of representatives of public and private sectors. These two guidelines are:

1. The training of specialised human resources.
2. Cross-sectoral production.

The main conclusions obtained in the first roundtable were the following:

- The available degree courses offered by universities and technical educational institutions are suitable for this particular chain.
- It is essential to increase the number of applicants to the technical degree courses and university courses associated with this particular chain.
- This increase could be achieved through the implementation of active promotion and communication policies targeted to primary and secondary level students through actions that prove both attractive and representative of the current professional scenario. The communication activities proposed were: stands in Tecnópolis (a technology fair in the City of Buenos Aires), promotion in public media and different activities in schools (lectures, contests, etc.).
- Programmes must be updated to cover the needs of this area regarding the relationship between content and the current professional scenario.
- It is essential to decrease drop-out rates in university courses. An important action that may provide a solution to this issue would be reducing the distance between the place of residence, the university and the workplace. This difficulty is mainly observed in Greater Buenos Aires. To deal with this matter, a project called 'La Empresa va a la Universidad' ('The company goes to the University') which is currently being developed at University of La Matanza (Universidad de La Matanza), is also being promoted in other universities in Greater Buenos Aires.
- Another proposed action to deal with drop-out rates is the implementation of different incentives to encourage employees to complete their university studies.

Conclusions drawn by the second roundtable include the following:

- This sector has the capacity to cover the Government's demand for software and IT services.

The Government is willing to acquire nationally developed software as long as the products meet the established quality requirements. The proposed activity to promote the acquisition of nationally produced software is the encouragement of the dialogue between the Government and the companies in this sector.

- It was stated that a broader, better knowledge of the demands for technology in other productive chains is essential. In order to achieve this aim, there was a proposal for strengthening the relationship between CESSI (Chamber of Software and IT Services Companies) and other company chambers which represent various areas of business.
- The need for communication with the public sector at a local level to obtain municipal production maps to ascertain their technological demands was stated.

The following are other topics discussed:

- The importance of government promotion of the acquisition of products in the software chain by financing demand.
- CESSI's acceptance of the financing programmes set up by the Ministry of Industry. Certain necessary actions were stated though:
 - Improving the articulation and communication of the financing tools between companies, and
 - Analyzing the suitability of the available instruments to meet the financing needs of companies.

The following topics remain for further discussion in the near future:

- The international insertion of this sector.
- Financing supply and demand for products in this sector.
- Specialization patterns.

STUDY ON THE ECONOMIC CONTRIBUTION OF COPYRIGHT AND RELATED RIGHTS INDUSTRIES IN INDONESIA

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EXECUTIVE SUMMARY

This study is the first attempt to comprehensively and systematically define, identify, and estimate the economic contribution of copyright and related rights industries in Indonesia. The study employs the methodology of WIPO to define the copyright-based industries and calculate their economic contribution. Copyright is one of the main branches of intellectual property and applies to 'every production in the literary, scientific, and artistic domain, whatever may be the mode or form of its expression' (WIPO, 2002, p. 13). Unlike protection of inventions (covered under patent laws), copyright protects only the form of expression of ideas, not the ideas themselves.

Indonesia has identified creative industries as an important sector in the economy, and based on the potential in the creative sectors, creative industries are believed to make a significant contribution to the national economy. Protecting intellectual property is crucial to the success of the development of creative industries. Copyright gives the creator the legal right to be the only one allowed to reproduce, publish, and sell a book, musical recording, etc., for a certain period of time. Granting copyright and related rights will stimulate creation and innovation.

This study has three specific objectives: identifying the copyright-based industries in Indonesia; calculating the economic contribution of the copyright-based industries in Indonesia; and examining some examples of the development of the copyright industries in Indonesia.

Employing WIPO's framework, the copyright-based industries are classified into four groups, that is:

1. The *core* copyright industries, which are wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales, of works and other protected subject matter: these industries create copyright materials as their primary product;
2. The *interdependent* copyright industries, which are engaged in the production, manufacture, and sale of equipment whose function is wholly or primarily to facilitate the creation, production, or use of works and other protected subject matter: these industries support and facilitate the creation of copyright works;
3. The *partial* copyright industries, where only a portion of the industries' activities are associated with the creation of copyright works; and
4. The copyright *distribution* industries, where a part of the activities is related to facilitating broadcast, communication, distribution or sales of works and other protected subject matter, and not included in the core copyright industries: these industries facilitate the distribution of copyright materials to businesses and consumers.

The results of the study reveal that in 2010 the estimated total contribution of copyright-based industries to the Indonesian economy was as depicted in Table ES-1 below:

Table ES-1: Contribution of Copyright Industries in Indonesia

Code	Description of Industries	Output	Value Added (Million IDR)	Employment
	TOTAL COPYRIGHT	673,506,900.59 (4.2%)	264,212,744.97 (4.11%)	4,064,345.55 (3.75%)
1	Core Copyright Industries	169,408,059.24 (1.06%)	67,273,614.14 (1.05%)	1,189,710.36 (1.10%)
2	Interdependent Copyright Industries	113,017,173.10 (0.70%)	41,755,138.49 (0.65%)	289,720.22 (0.27%)
3	Partial Copyright Industries	346,821,234.82 (2.16%)	132,091,477.52 (2.06%)	2,223,464.22 (2.05%)
4	Non-dedicated Support Industries	44,260,433.43 (0.28%)	23,092,514.83 (0.36%)	361,450.76 (0.33%)

The findings of the study will reveal the importance of copyright industries as contributors to the national economy. Awareness of the economic importance of copyright-based industries will motivate the Indonesian government in crafting appropriate strategies in support of these industries, through the establishment of an enabling environment and infrastructure. The general public's awareness of the significance of the contribution of these industries to the national economy will hopefully create some motivation to consume genuine, rather than pirated products.

The study offers recommendations as follows:

- Further studies should be conducted to be able to assess the trends and dynamism of the copyright-based industries in Indonesia. The present study can be used as a basis to build a series of data on the economic contribution of copyright-based industries in Indonesia. Such a data series can become a solid basis for government to formulate policies on the development of the industries.
- The Ministry of Trade should combine with the Central Statistics Bureau to gather a database of industry-level data (based on their ISIC) to provide, on a regular basis, specific disaggregated data to allow more accurate estimation of the copyright-based industries in Indonesia.
- The present study provides baseline information on the economic contribution of copyright-based industries in terms of output, value added and employment, and has not yet calculated the contribution to foreign trade. Further studies should also include the other economic parameters, as well as the social-cultural impacts of copyright-based industries in Indonesia.
- Further studies should also conduct a comprehensive survey to be able to validate and determine more accurate copyright factors to be used in the Indonesian context.
- Especially for the Indonesian context, the existence of an assessment of the economic contribution of copyright-based industries can create some confusion with the assessment of the economic contribution of creative industries. While both can become useful parameters for decision-makers, the present study assessing the economic contribution of copyright-based industries using the WIPO methodology is particularly insightful. This is due to the international comparisons which can be drawn from similar studies conducted in many other countries.
- The present study should be placed strategically at the center of the growing creative industries in Indonesia. Copyright protection is necessary for the prospective creators in the creative sectors, to encourage them to develop and later transfer their creation to the industry.

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Project co-ordinators: Ike Janita Dewi and Henky Hermantoro.

1. INTRODUCTION

Indonesia has identified the creative industries as an important sector in the economy. Based on the potential in the creative sectors, creative industries are believed to make a significant contribution to the national economy and the government of Indonesia has formulated a roadmap for the development of the sector until the year 2025. Protecting intellectual property is crucial to the success of the development of creative industries. Copyright gives the creator the legal right to be the only one allowed to reproduce, publish, and sell a book, musical recording, etc., for a certain period of time. Granting copyright and related rights will stimulate creation and innovation. Therefore, there is an urgent need for the government to calculate the size of the copyright-based industry in order to be able to develop policies and measures to protect the rights of creation, and thus to stimulate the growth of the creative sectors.

However, International Data Corporation (IDC) puts Indonesia at number 11 in the list of countries with the highest software piracy rate. The use and distribution of pirated software in Indonesia has reached 86% and caused a potential loss of US\$1.46 billion or IDR 12.8 Trillion. This is an increase of 10% compared to the previous year's figure. The growing amount of software piracy has decreased the potential commercialization of legal software in Indonesia, which is currently recorded at only US\$ 239 million, far below its potential.

Not only software piracy, but intellectual property rights violation in general is a common issue in Indonesia. There is a massive consumption of pirated CDs/DVDs, illegal downloading of music from the internet, and illegal book photocopying. The Secretary General of the Indonesian Anti-Piracy Society (*Masyarakat Indonesia Anti Pemalsuan*), Justisari P. Kusumah, states that piracy activities negatively affect the national economy (*Suara Pembaruan*, July 17, 2012). There is potential loss from tax income, foreign exchange receipts, and employment opportunities. A research study conducted by the University of Indonesia reveals that in 2005, intellectual property violation caused 124,000 workers in 12 industries to lose their jobs.

Copyright and related industries are indeed major contributors to a country's economy in terms of their value added, aggregate value in the country's gross domestic product (GDP), and contribution to employment. In terms of GDP, the average contribution of the total copyright industries in 29 countries was 5.45%. The highest contribution was recorded by the US with 11.05%, followed by Australia (10.30%), Korea (9.89%), Hungary (6.66%), and China (6.37%). In terms of employment, the average contribution of total copyright industries in 29 countries was 5.99%. The contribution was the highest for the Philippines at 11.10%, followed by Mexico (11.01%), Bhutan (10.09%), the Netherlands (8.80%), and the US (8.51%) (Gantchev, 2011). These figures are not yet available for Indonesia, therefore there is a need to conduct this present study on the economic contribution of copyright and related rights industries in Indonesia. The findings of the study will reveal the importance of copyright industries as contributors to the national economy.

Copyright is one of the main branches of intellectual property and applies to 'every production in the literary, scientific, and artistic domain, whatever may be the mode or form of its expression' (WIPO, 2002, p. 13). Unlike the protection of inventions (covered under patent laws), copyright protects only the form of expression of ideas, not the ideas themselves. The World Intellectual Property Organization (WIPO) defines copyright laws as protecting the owner of property rights in literary and artistic works against those who copy or otherwise take and use the form in which the original work was expressed by the author.

The research takes the definition of copyright as proposed by WIPO, a specialized agency of the United Nations which plays a continuing role in the global governance of Intellectual Property Rights (IPR), and established, with the World Trade Organization (WTO), a new overarching agreement on intellectual property, known as the TRIPS agreement (May, 2009; Yu, 2009). The research also adopts the methodology devised by WIPO for calculating the economic contribution of the copyright-based industries to GDP. To date, this methodology has been applied in 32 countries, including Argentina, Brazil, Chile, Paraguay, Uruguay, Singapore, Canada, and Hungary.

One of the main objectives of WIPO is to assist developing countries in promoting their industrialization, their commerce, and their cultural, scientific, and technological development through the modernization of their industrial property and copyright systems and in meeting some of their needs in scientific documentation and the transfer of technology and technical know-how (WIPO Report as cited in May, 2009).

More specifically, WIPO promotes study of the copyright industries beyond the traditional scope of a purely legal perspective. While the nature of copyright, the scope of its protection, enforcement, and infringement have been the object of extensive research (Frankel, 2009; Gervais, 2009; Gillespie, Krishna, and Jarvis, 2001; May, 2009; Shultz and Saporito, 1996), attempts to study the economic aspect of copyrights are at an early stage. Research on the economic aspects of copyright industries, as cited in the first paragraph of this paper, has offered a new focus for studies on copyrights. Such a new perspective is relevant, since copyright has a role in our daily lives in almost all fields – production, distribution, and consumption. Studies on the economic value of copyright will also respond to the concerns of businesses for their increased involvement in licensing, investment, trade, and transfer of creations.

WIPO has attempted to develop a practical instrument for calculating the size and contribution of a nation's copyright-based industries. Wide and consistent adoptions of WIPO's methodology will provide international comparisons. While definitions of copyright and related rights in different countries may vary based on each country's legislation, largely the definitions are consistent with the provisions of the Berne Convention for the Protection of Literary and Artistic Works, the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (commonly known as the Rome Convention), the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement), the WIPO Copyright Treaty of 1986, the WIPO Performances and Phonograms Treaty of 1996 and some other relevant international conventions.

This study discusses the framework for studying the economic contribution of copyright and related rights industries in Indonesia using the WIPO methodology. Since definition of copyright in different countries may vary, this paper first reviews the legal framework of copyright protection in Indonesia. Some harmonization of the Indonesian legal framework and adaptation of the WIPO methodology is needed and is proposed in this study. This study then identifies the copyright industries in Indonesia and calculates their contribution to output, value added and employment. Some development in copyright industries in Indonesia is also reported. Lastly, we present some international comparison of the contribution of copyright industries in Indonesia *vis-à-vis* other countries.

2. OBJECTIVES OF THE STUDY

The findings of the study will reveal the importance of copyright industries as contributors to the national economy of Indonesia. Awareness of the economic importance of copyright-based industries will motivate the Indonesian government in crafting appropriate strategies in support of copyright-based industries, through the establishment of enabling environments and infrastructure. The general public's awareness of the significance of the contribution of these industries to the national economy will hopefully create some motivation to consume genuine, rather than pirated, products.

This study has three specific objectives, as follows:

1. Identifying the copyright-based industries in Indonesia.
2. Calculating the economic contribution of copyright-based industries in Indonesia.
3. Showing some development related to the copyright industries in Indonesia.

3. LEGAL FRAMEWORK OF COPYRIGHT IN INDONESIA

3.1 Copyright Law

Indonesia's legal framework on copyright protection was first set up by the issue of the first law on copyrights in 1982, Law No. 6. This law has been amended three times: in 1987 as Law No. 7, in 1997 as Law No. 12, and in 2002 as Law No. 19 which became effective in July, 2003. Law no. 19, in Chapter 4 Article 12, protects 12 items of products with copyrights. The 12 items are:

1. books, computer programs, pamphlets, layout of written published materials and all other written materials;
2. public talks, lectures, speeches, and other related creations;
3. display tools made for education and science purposes;
4. songs or music with or without lyrics;
5. dramas or musical dramas, dances, choreography, shadow puppetry and mimes;
6. art in all forms such as paintings, pictures, carving, calligraphy, sculpture, collage and applied arts;
7. architecture;
8. maps;
9. *batik* arts;
10. photography;
11. cinematography; and
12. translation, interpretation, adaptation, anthology, database and other creations for the transferring of forms.

The law includes the protection of *batik* arts, which is country-specific to Indonesia. The protection of *batik* arts also includes protection of other traditional fabrics, such as twining and woven textiles (*ikat* and *songket*). The law also covers new technological developments such as databases.

Internationally, Indonesia is also a signatory to the World Trade Organization (WTO) agreement of 1994, which includes the agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). Indonesia also ratified, in 1997, both the Berne Convention for the Protection of Artistic and Literary Works and the WIPO Copyrights Treaty.

3.2 Electronic Information and Transaction Law (Law of 'Informasi dan Transaksi Elektronik')

The Indonesian government issued the Law on Electronic Information and Transaction as Law No 11 of the Year 2008. In the Law, electronic information is defined as one or a collection of electronic data, including, but not limited to, writings, sounds, pictures, maps, designs, photos, electronic data interchange (EDI), electronic mails, telegram, telex, telecopy or the like, characters, symbols, or numbers, which have meanings or can be understood by people. An electronic transaction is any action carried out using computers, computer networks, or other electronic media.

While the Law is concerned primarily with general crime in the use of internet and electronic transactions, it does mention explicitly the protection of intellectual property rights over electronic information and/or electronic documents which are constructed as intellectual creations, internet sites, and any intellectual creations within them. Chapter VI, Section 25 of the Law particularly protects the intellectual property rights of creations on the internet.

3.3 Copyright Law Enforcement in Indonesia

The copyright enforcement in Indonesia has encountered many obstacles and challenges. While the legal framework is already there, the government has faced problems in enforcing it. The United States Trade Representative (USTR) has put Indonesia on a watch list, or even a priority watch list, because Indonesia's intellectual property right enforcement efforts are regarded as ineffective in addressing challenges such as rampant piracy and counterfeiting, including growing piracy over the internet, and the widespread availability of counterfeit pharmaceutical products.

It is not that the government has not made any efforts to enforce the copyright law. Data from the Directorate General of Intellectual Property Rights, Ministry of Law and Human Rights, show that there were 340 cases in 2003 and 203 in 2004 of copyright violation (mainly in optical disc piracy) handled by the police. However, in the period 2002-2003, only 39 cases were followed up and brought to the court. This shows that despite the measures have been taken, there is still a lack of coordination amongst law enforcement offices.

The Directorate General of Intellectual Property Rights in the Ministry of Law and Human Rights, as the frontline agency in copyright law enforcement, has taken both preventive and repressive measures. These have included enhancement of the administrative/ registration system of copyrights, coordination with law enforcement institutions in law enforcement actions, and legislation (Ministry of Law and Human Rights, 2003).

In the copyright registration system, there has been a development of the administration system for intellectual property rights. The Directorate General of Intellectual Property Rights, based on Presidential Decree No. 189 Year 1998, is assigned to design and undertake a national integrated system for intellectual property rights. This includes improvement in the infrastructure to provide access for people to register and obtain information on intellectual property rights at the provincial level.

The government, through the Directorate General of Intellectual Property Rights, has also taken initiatives to raise public consciousness of the Copyright Law. Seminars and public discussions are conducted to create awareness and understanding of the copyright system.

There are also attempts to enhance coordination between law enforcement institutions in Indonesia, that is, the Ministry of Law and Human Rights (now: the Ministry of Law and Legislation), the police, the Directorate General of Customs, the Attorney General, the courts, and the Supreme Court. These parties have formed a taskforce to take legal measures against violation of copyright law and to take priority actions in copyright law enforcement (interview with Ministry of Law and Legislation, 2008).

In terms of taking concrete actions, the Directorate General of Intellectual Property Rights has taken legal measures against companies that are active in CD/DVD piracy, has apprehended importers of pirated CDs/DVDs, has forbidden shopping malls to sell pirated CDs/DVDs/software, and has cooperated with the police and courts to bring the perpetrators to court. The government has also taken several measures to improve the legislation, for example by issuing a Ministerial Decree to regulate the production of CDs/DVDs and purchase of CD/DVD reproduction machines (Dwi Astuti, 2008).

However, despite the measures already taken, the widespread copyright violation in Indonesia shows that there is an urgent need to strengthen copyright law enforcement efforts. Further public awareness campaigns are definitely needed, since the majority of the people in Indonesia do not understand the underlying principle of copyright as an individual property right. The idea of communal copyright is more familiar in the context of Indonesian culture. For example, a focus-group discussion conducted for this study revealed that a traditional *batik* motif designer in Yogyakarta will not mind at all, and will even be proud, if people want to copy her/his motif.

Understanding the impact of copyright-based industries on the national economy, which is revealed by this study, hopefully will motivate the government to place a higher priority on copyright law enforcement in Indonesia.

4. FRAMEWORK AND METHODOLOGY FOR CALCULATING THE ECONOMIC CONTRIBUTION OF COPYRIGHT AND RELATED RIGHTS INDUSTRIES

In addressing the economic contribution of copyright-based industries, there are several concepts which have to be defined in order to clarify the basis of the discussions. Firstly, this study takes the definition of copyright as an *individual* property right. While so-called communal copyright may exist, the foundation of studying the economic contribution of copyright is the recognition of copyright as a private property right. Property rights are defined as 'the ability of individuals to own, buy, sell, and use their property in a market economy' (WIPO, 2002, page 19). Being a property right, the economic values of copyright can be measured and calculated using an appropriate methodology.

The methodology developed for calculating the economic contribution of copyright is based on understanding the difference between a work which is protected by copyright and the 'means of delivery' by which the work appears in the market and is made available for consumption. WIPO (2002, page 19) states that the principal difference between a protected work and a means of delivery is that the first has the characteristics of a public good, while the means of delivery is typically a private good. For example, a song is protected by copyright, but a music CD is a means of delivery. Copyright itself only refers to the intellectual property aspect, and not to the means of delivery. However, the means of delivery is the intermediary for the copyright to be consumed by the markets. The functional relationship between production and trade with means of delivery is interdependence. Therefore, the methodology developed to calculate the economic contribution of copyright includes some proportions of the activities in the delivery of copyright products.

The calculation of the economic contribution of copyright-based industries has to firstly define the term 'copyright-based industries'. This term refers to a cluster of activities which can be identified, are statistically measurable, and have a certain scale and structure (WIPO, 2002, p. 26); within this cluster we have to identify industries which are predominantly based on copyright and the ones which are less dependent on copyright. WIPO defines the copyright-based industries into four categories: core copyright, interdependent copyright, partial copyright, and non-dedicated support industries. Each category is defined as follows (WIPO, 2002):

1. Core Copyright Industries

These are industries that are wholly engaged in the creation, production, and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter. In other words, the core copyright industries are industries that would not be in existence if not for their copyright subject matter. This category includes nine sub-groups:

- (a) press and literature;
- (b) music, theatrical productions, and opera;
- (c) motion picture and video;
- (d) radio and television;
- (e) photography;
- (f) software and databases;
- (g) visual and graphic arts;
- (h) advertising services; and
- (i) copyright collective management societies.

2. Interdependent Copyright Industries

This category includes industries that are engaged in production, manufacture, and sale of equipment whose function is wholly or primarily to facilitate the creation, production, or use of works and other protected subject matter. This group is divided into core interdependent and partial interdependent industries, based on their complementarity with the core copyright industries.

The first group of core interdependent industries includes the manufacture, wholesale and retail of TV sets, radios, VCRs, DVD players and other similar equipment, computers and equipment, and musical equipment. Products of this group are jointly consumed with the products of the core copyright industries, e.g., the transmission of entertainment programs would need TV sets.

The second group consists of the manufacture, wholesale and retail of photographic and cinematographic instruments, photocopiers, blank recording material and paper. These industries are not exclusively related to copyright products but significantly facilitate their use. Therefore, the value assigned to them is based on judgments made based on careful analyses on this matter.

3. Partial Copyright Industries

These industries are characterized by a portion of their activities being related to works and other protected subject matter and may involve creation, production, and manufacturing, performance, broadcast, communication and exhibition or distribution and sales. This category consists of nine sub-groups:

- (a) apparel;
- (b) jewelry and coins;
- (c) other crafts;
- (d) furniture;
- (e) household goods, china and glass;
- (f) wall coverings and carpets;
- (g) toys and games;
- (h) architecture, engineering and surveying;
- (i) interior design; and
- (j) museums.

In calculating their economic contributions, we need to assign a certain percentage to each of the industries. The assignment of the percentages is based on judgments made by the research team, based on a careful and detailed analysis of each industry.

4. Non-dedicated Support Industries.

This category consists of industries where a part of the activities is related to facilitating the broadcast, communication, distribution or sales of works and other protected subject matter, and is not included in the core copyright industries. These industries include general wholesale and retailing, general transportation, and telephony and internet. Measuring the effects of these industries will again involve a qualified judgment to estimate the fraction their activities which is related to copyright products.

To quantify the economic contribution of those industries, WIPO's framework includes measurements of the percentage of GDP attributable to them, the value added, and the employment provided in the copyright-based industries.

In calculating the relative size of these industries in the output, the value added approach is recommended as most appropriate (WIPO, 2002, p 36). The value added approach has been preferred for the following reasons (WIPO, 2002, p 38):

1. it is an industry-centered approach which accords with the desire to identify the contribution of the copyright-based industries;
2. it reduces the chances of double counting, and
3. value added input-output tables (and the surveys underlying them) are readily available to many countries.

Since employment in these industries is often not on a permanent or full-time basis, the measure of employment should be on full-time equivalent (FTE) bases. Employment in these industries can be measured as follows (WIPO, 2002, p. 41):

1. from input-output tables;
2. from industry-specific studies conducted by official statistical agencies, government bodies, or private parties; and
3. from census results.

Earlier sections have argued that the methodology proposed by WIPO is a complete and standard one and does not contradict the legal framework of copyright protection in Indonesia. Adoption of the methodology will also offer international comparisons, since growing numbers of countries also employ it in calculating their copyright-based industries' economic contribution. However, a few adaptations are needed to harmonize it with the existing legal protection in Indonesia and the existing development roadmap of creative industry development. The first adaptation is the inclusion of handicraft industries, including *batik* arts, in the copyright industries.

The crafts industry is included in the 14 sectors of creative industry in Indonesia. Further, *batik* arts (including the other traditional fabrics, such as twining and woven textiles (*ikat* and *songket*)) are protected by Law no 19/2002. This category is necessary to accommodate the country-specific factor, since handicrafts are main export commodities of many regions in Indonesia and *batik* arts have just been acknowledged by UNESCO as part of the world's cultural heritage. Therefore, in terms of the list of industries to be studied, the copyright industries should include handicrafts industries: based on the *Klasifikasi Baku Lapangan Usaha Indonesia (KBLI: Indonesia's Standard of Industry Classification)*, this category will consist of twining (*ikat*); woven textiles (*songket*), *batik*; and the woodcarving industry (excluding furniture).

A survey of these sectors reveals that these industries contain copyright elements in their products. The motifs and designs are copyright-protectable. However, other elements contained in the final products are non-copyright protected. Referring to WIPO's definition of the four categories of copyright-based industries, these industries therefore belong to the partial copyright industries.

The second adaptation concerns the status of architecture in the copyright-based industries. Architecture is acknowledged both by Law no 19/2002 and the creative industry definition as a main copyright-based industry. However, WIPO's classification of copyright-based industries places architecture only in the partial copyright industries. The implication is that only a relatively small portion of this industry's activity is included in the calculation. WIPO (WIPO, 2002) argues that architecture contains a relatively large portion of service components which are not necessarily about production of works protected by copyright and have to be separated. Architecture is indeed a particular case, therefore, a careful and detailed analysis of each part of the industry is needed. We have to understand its structure and process in a given country and only then a decision can be made on the percentage of the architecture activity to be taken as copyright-based.

Other minor differences can be easily resolved. For example, while Law no 19/2002 protects maps, WIPO does not explicitly mention them. However, maps can easily be lumped in the category of books. Another minor difference is on the separate categorisation of photography and visual graphic arts by WIPO while they are included in one category by *KBLI*.

Having reviewed the existing legal framework of copyright protection in Indonesia, the creative industry development roadmap, and the WIPO methodology, this paper proposes a list of industries to be studied in measuring the economic contribution of the copyright and related right industries in Indonesia, which is presented in Appendix 1.

5. METHOD AND SOURCES OF DATA

This part of the research aims at two objectives, that is: (1) calculating the economic contribution of copyright and related rights industries in Indonesia and (2) portraying other supporting data.

Following the methodology of WIPO, data for the purpose of calculating economic contribution of copyright and related rights industries in Indonesia were collected by the Indonesia Central Bureau of Statistics. All data were benchmarked to those of 2005, because the already completed input-output table at the moment of data collection was the 2005 I-O table. To calculate the economic contribution of copyright and related industries, the sources of data were:

1. I-O table for 2010 of 175 sectors.
2. Economic Census (*Sensus Ekonomi*) of 2005.
3. The Intercensal Population Surveys (SUPAS) 2006.
4. National Labor Force Survey (*Survei Angkatan Kerja Nasional*) 2010.
5. Ministry of Trade: Contribution of the Sub-Sectors of Creative Industry in Indonesia, 2011
6. Ministry of Tourism and Creative Economy: A Study on the Economic Contribution of the Cultural Sectors in Indonesia (2010)
7. Other relevant sources of data.

Beside extracting data from secondary sources, this study also conducted a small-scale field survey for the purposes of estimating copyright factors, especially for the handicraft industries. There were 50 respondents, mainly from handicraft industries.

The calculation of economic contribution of copyright and related rights industries included analysis stages as follows:

1. Identification of copyright and related rights industries

Identification of copyright and related right industries is based on their industry codes as classified by *KBLI*. This results in a list of industries identified as copyright and related rights industries (ICR) and categorized into the four layers of WIPO's classification of Core Copyright Industries, Partial Copyright Industries, Interdependent Copyright Industries, and Non-dedicated Support Industries (see Appendix 1). The sizes of the identified copyright and related rights industries are then estimated in terms of output, value added, and employment.

2. Data Collection

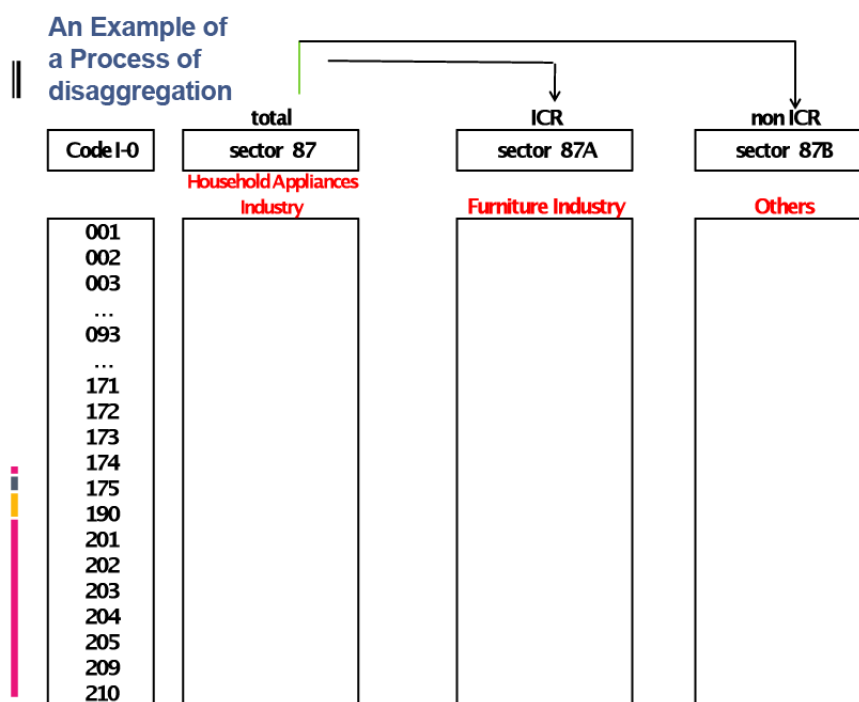
The data were primarily collected from the I-O table, with some additional and supporting data from other sources as identified above. Specifically, the calculation of the employment in the copyright industries was also based on the Employment Survey conducted in 2010.

3. Data Analysis

Data were extracted from the I-O table using some disaggregation and aggregation of data. These were employed since the copyright-based industries are often recorded in different sectors in the I-O table: one sector in the I-O table may contain both copyright and non-copyright industries. For example, Sector 87 in the I-O table records 'household appliances industry', which includes the furniture industry (which belongs among copyright-based industries) and other non-copyright industries. For this case, we employed disaggregation of data to separate out the copyright from the non-copyright industries. Other necessary sources were referred to provide best estimates of the required information.

Aggregation of data was employed when data from one type of copyright industry were recorded in different sectors in the I-O table. For example, the furniture industry is recorded in both sectors 87 and 109 in the I-O table. In arriving at best estimates of data, other necessary sources (for example from the Economic Census) were always consulted.

Figure 5-1: An Example of the Disaggregation Process



4. Estimation of copyright factors to determine the percentages of the sizes of partial copyright industries, interdependent copyright industries, and non-dedicated support industries which are copyright-based.

There is a basic assumption in the methodology that only the core copyright industries receive 100% inclusion of their size, while the other three groups (partial copyright industries, interdependent copyright industries, and non-dedicated support industries) are presumed different in terms of the degree of their relationship to copyright and related rights. Therefore, the contribution of copyright and related rights of each group should be adjusted with the 'copyright factor' corresponding to their degree of dependency on copyright and related rights.

The copyright factors for the partial copyright and interdependent copyright industries were estimated using proxies of the copyright factors of Singapore, Thailand, and Malaysia, which are neighbor countries of Indonesia. These countries have many similarities with Indonesia and share similar characteristics in terms of copyright and related rights industries.

The copyright factor of non-dedicated support industries was derived from the methodology suggested in the WIPO Guide. The formula for the copyright factor of the non-dedicated support industries is written below. The nominator is the aggregate of value added of the group of core copyright industries, the group of interdependent copyright industries and the group of partial copyright industries. The denominator is the country's GDP, less the summation of the value added of the sub-sector wholesale and retail and that of the transportation sub-sector.

$$\text{Copyright factor of non-dedicated support industries} = \frac{\text{value added (core+interdependent+partial)}}{\text{GDP} - \text{value added (wholesale and retail+transportation)}}$$

5. Data Presentation

Data were then presented in absolute size of the copyright industries in terms of output, value added, and employment and their contribution to those economic indicators. Results were also compared with other countries to provide some sense of international comparison. Data were presented both in tables and charts.

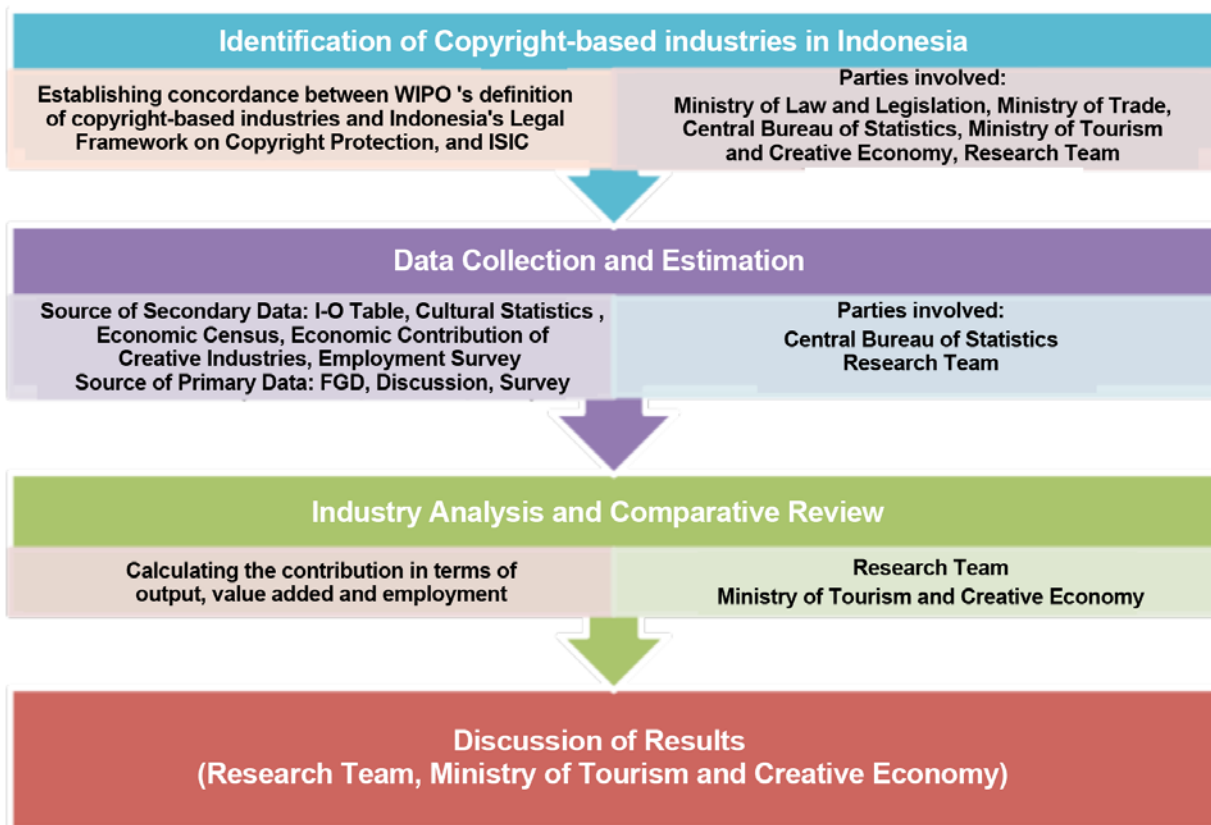
6. Collection of Supporting Data

Supporting data and other relevant information were gathered from various studies conducted by the Ministry of Trade and the Ministry of Tourism and Creative Economy. Other relevant data were collected from other secondary sources, that is, from Nielsen and the International Monetary Fund (IMF).

5.1 Process and Parties Involved in Conducting the Study

The present study involved various stakeholders in copyright and creative industries in Indonesia, where relevant institutions offered their assistance in terms of data, information, technical expertise and ideas throughout the study. Knowledgeable officials from the Ministry of Tourism and Creative Economy, Ministry of Trade, Ministry of Law and Legislation, and Central Bureau of Statistics were involved in the study at various stages. Their contribution is reflected in a simple scheme depicted below (Figure 5-2).

Figure 5-2: Study Process



6. RESULTS OF THE SURVEY

A survey (combined with interviews) was conducted in 2012 among 50 owners/managers of copyright industries, mainly from small and medium enterprises (SMEs) in the areas of handicraft, *batik* arts, weaving products, silver-based handicraft products and others. The objective of the survey was to gain insight into the size and output of the companies and the importance of copyright contained in their products. The majority of respondents were active in the area of handicraft because the survey also attempted to gain insight into the copyright factor to be used for the handicraft industry. The sample consisted mainly of SMEs located in Yogyakarta, a region where numerous handicraft companies, including and mainly *batik*-based handicraft, operate.

The first part of the questionnaire contained basic information about the respondent's company, such as status of the respondent and his/her position in the company, name of the company, type of industry, ownership status, year of establishment, and type of products produced by the company. The second part of the questionnaire requested information on the company's output, number of employees and production size. The third part attempted to assess the role of copyright in their products.

The general profile of the respondents is shown depicted in Table 6-1 below. In terms of the respondents' position in the company, 7% of the respondents were managers and 43% were owners. Since the majority of the respondents worked in SMEs, most of the companies were managed by the owners themselves. The industries surveyed were mainly handicrafts (including *batik* arts, silver, bamboo, and wood carving), but some were in the press and publication (6%), advertising services (4%), and artistic photography (2%) industries.

The majority of the companies were local (42%), while the others were foreign (2%), national (10%), and mixed (joint venture between national and local investors: 4%). These companies had been established for more than 5 years, while only 4% had operated for less than 5 years.

Table 6-1: General Profile of the Respondents

No.	Survey Item	Description	Freq	Percentage
1.	Respondent's position in the company	Manager	7	14%
		Owner	43	86%
2.	Industry	Handicraft (many kinds)	44	88%
		Press and publication	3	6%
		Advertising services	2	4%
		Artistic Photography	1	2%
3.	Ownership status	Foreign	1	2%
		National	5	10%
		Local	42	88%
		Mixed	2	4%
4.	Year of establishment	Less than 5 years ago	2	4%
		5-10 years ago	21	42%
		>10 years	27	54%
5.	Variety of products	<i>Batik</i> -based handicraft Woven products Leather handicrafts Ceramics handicrafts Books, leaflets Photographs Advertisements (point-of-purchase displays, billboards, print ads, audio-visual ads)		

Some questions in the survey asked for information on turnover and production costs of the respondent companies (see the results in Table 6-2 below). Due to the selection of SMEs as respondents, the total turnover of the companies was not so big, and the majority of respondents fell into the 'less than 500 millions' category.

The question on production cost was difficult to answer, since some respondents did not know their exact percentage of production costs while some others were not willing to reveal their data. Question of management costs confirmed the semi-informal status of respondent companies, where the owners were usually also the managers. The respondent companies seemed to have more part-time workers than full-timers, perhaps due to the typical characteristics of SMEs in Indonesia where the employees prefer to work but are still able to take care of their families.

Table 6-2: Output and Costs of Production of the Companies

No	Description	Category	Freq	Percentage	
1	Total Turnover/ Sales per year	>1 billion	2	4%	
		501 millions – 1 billions	13	26%	
		200 – 500 million	18	36%	
		<200 millions	17	34%	
2	Production costs	Production costs vary, many respondents stated 'not certain' (depend on costs of production factors), some stated '90%', some stated '40-50%'.			
3	Management costs	<10%	47	94%	
		10%-25%	3	6%	
		>25%	0	0%	
4	Depreciation costs	<10%	35	70%	
		10%-25%	4	8%	
		>25%	0	0%	
		Don't know	11	22%	
5	Number of Employees	Full-time	<10	35	70%
			10-100	15	30%
			>100	0	0%
		Part-time	<25	8	16%
			25-100	30	60%
			>100	12	24%

Survey items on the importance of copyright revealed that respondents felt that copyrights were supposed to be very important in their daily operations (see Table 6-3). Design and innovation in use of materials were supposed to be protected. However, the idea of copyright in Indonesia was still alien. Therefore, data on the importance of copyright in this case pertain to the protectable or supposedly protected areas. Companies, other than publishers, did not pay or receive royalties.

Table 6-3: Importance of Copyright

1	Importance of copyright in daily operations				
	Strongly disagree (0%)	Disagree (0%)	Agree (2%)	Strongly Agree (94%)	Not Sure (4%)
	<p>Interview results revealed some protectable elements in the products, that is: design, coloring techniques, and color-locking techniques.</p> <p>Many kinds of handicrafts were hand-made and custom-made. <i>Batik</i> paintings particularly are produced only 1 piece per item.</p>				
2.	Income from Royalties	Yes (0%)	Don't have (100%)		
3.	Royalty payments	Yes (8%)	No (92%)		
		Especially by publishers			
4.	No of employees working as designers/in the design department or R&D department	None	47 (92%)		
		1-2	3 (6%)		
		More than 2	1 (2%)		
<p>Interview results revealed that respondents (like most handicraft companies or SMEs in Indonesia) have no specified Design/R&D department. However, informally, the owners or senior craftsmen are the designers themselves.</p>					

7. ECONOMIC CONTRIBUTION OF COPYRIGHT INDUSTRIES IN INDONESIA – THE RESULTS

The economic contribution of copyright industries in Indonesia is calculated by industry category (that is, core copyright industries, interdependent copyright industries, partial copyright industries, and non-dedicated support industries). The economic contribution is measured in terms of output, value added, and employment.

7.1 Core Copyright Industries

Table 7-1: Contribution of the Core Copyright Industries

Code	Description of Industry	Output (Million IDR)	Value Added (Million IDR)	Employment
	TOTAL Core Copyright	169,408,059.24	67,273,614.14	1,189,710.36
1.1	Press and literature	61,876,077.15	23,675,780.97	619,158.06
1.2	Music, theatrical productions, operas	5,919,114.49	2,391,239.37	58,006.26
1.3	Motion picture and video	5,350,445.19	2,047,426.17	29,734.91
1.4	Radio and television	66,978,943.44	27,720,430.50	313,710.52
1.5	Photography	10,625,622.24	4,102,239.16	80,130.00
1.6	Software and databases	5,859,472.96	2,237,813.42	39,098.38
1.7	Visual and graphic arts	2,002,116.42	814,289.76	22,385.22
1.8	Advertising services	10,783,267.35	4,280,394.79	27,207.01
1.9	Copyright collecting societies*)	13,000	4,000	280

*Special note on the contribution of the Copyright Collecting Societies. Performing rights or rights to announce and use creations in Copyright Law No. 19 Year 2002 are part of economic rights embedded in exclusive rights as stated in Section 1 Article 1 of the Law. However, royalty collection and management of performing rights in Indonesia do not get proper attention and are somewhat controversial. The Law No. 19 Year 2002 itself does not explicitly state the establishment of a performing right collecting right society. However, there are three copyright collecting societies acknowledged by the Ministry of Law and Human Rights, that is, 'Yayasan Karya Cipta Indonesia' (now: 'Karya Cipta Indonesia') to collect royalties from songs/music, 'Yayasan Cipta Buku Indonesia' to collect royalties from books and the like, and 'Wahana Musik Indonesia' to collect royalties from songs/music. The most active one is 'Karya Cipta Indonesia' whose main source of royalties now comes from a very popular product in Indonesia, Ring Back Tones (RBT). Since the management and data base systems of copyright collection societies in Indonesia have not yet been properly established, based on telephone survey and secondary sources, we put very rough estimates on their economic contribution.

The economic contribution (absolute terms) of core copyright industries is depicted in Table 7-1. In graphical formats, these data are depicted in Charts 7-1 to 7-3. The biggest contributors to output were radio and television; press and literature; photography; advertising services, and motion picture and video. In terms of value added, the biggest contributors were radio and television; press and literature; photography; advertising services; and music, theatrical productions, and operas. In terms of employment, Press and literature employed the biggest number of employees, followed by radio and television; photography; advertising services; music, theatrical productions, and operas, and software and data bases.

Chart 7-1: Contribution of Core Copyright Industries in terms of Output, by Industry

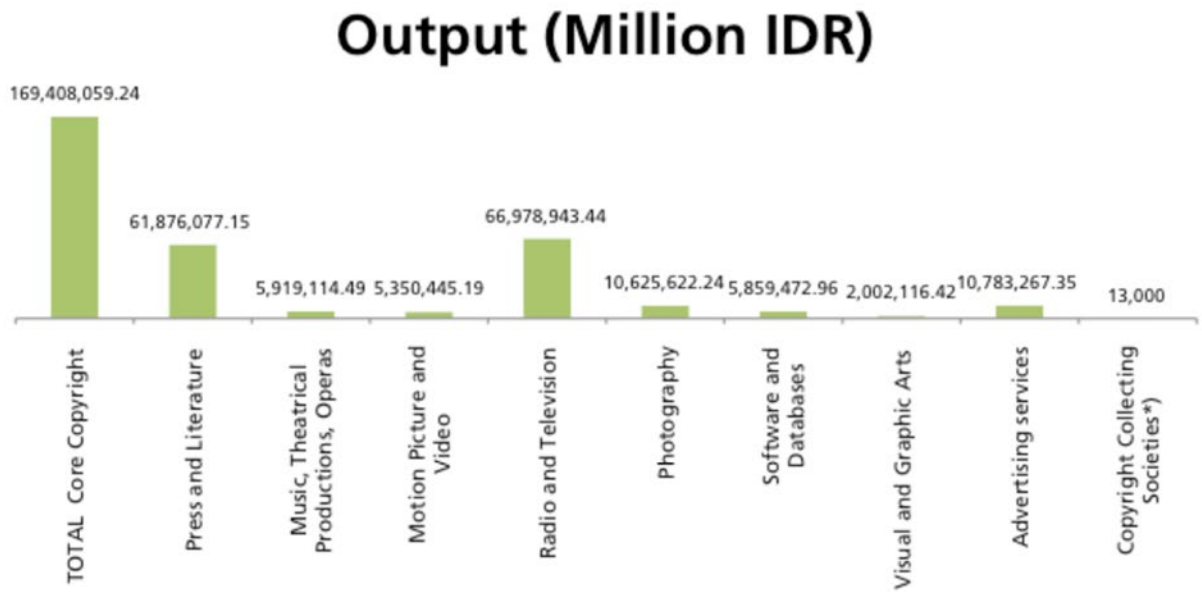


Chart 7-2: Contribution of Core Copyright Industries in terms of Value Added, by Industry

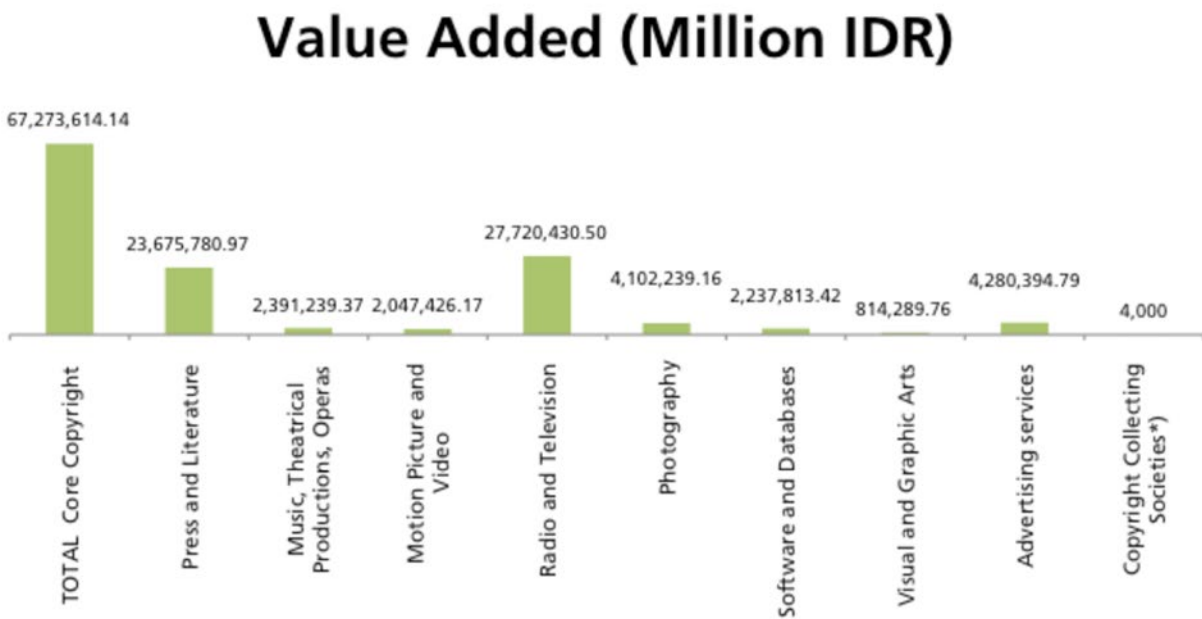


Chart 7-3: Contribution of Core Copyright Industries in terms of Employment, by Industry

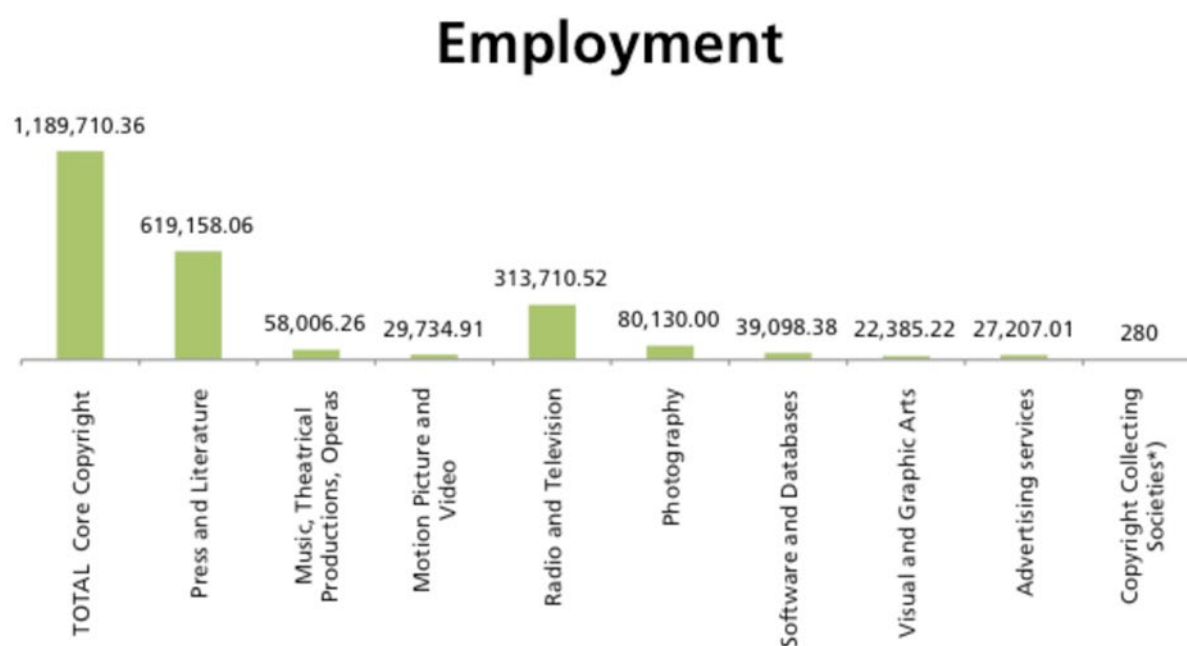


Table 7-2: Contribution of the Core Copyright Industries (%)

Code	Description of Industry	Output	Value added	Employment
	I. Core Copyright	1.055%	1.048%	1.10%
1.1	Press and literature	0.385%	0.369%	0.57%
1.2	Music, theatrical productions, operas	0.037%	0.037%	0.05%
1.3	Motion picture and video	0.033%	0.032%	0.03%
1.4	Radio and television	0.417%	0.432%	0.29%
1.5	Photography	0.066%	0.064%	0.07%
1.6	Software and databases	0.037%	0.035%	0.04%
1.7	Visual and graphic arts	0.012%	0.013%	0.02%
1.8	Advertising services	0.067%	0.067%	0.03%
1.9	Copyright collecting societies*)	0.000081%	0.000062%	0.000259%

The contributions of core copyright industries to total national output, value added, and employment are shown in Table 7-2. In graphical format, these results are shown in Charts 7-4 to 7-6. The total contribution of core copyright industries were 1.055% (to national output), 1.048% (to national value added), and 1.10% (to national employment). The 'big five' in the core copyright industries contributed 0.417%, 0.385%, 0.067%, 0.066%, and 0.037%, respectively, to output. In terms of value added, radio and television contributed 0.432% to national total value added, while press and literature was the second biggest contributor at 0.369%. However, in terms of employment, press and literature contributed more than radio and television, with 0.57% and 0.29% contribution, respectively. This indicates that the press and literature industry in Indonesia is labor-intensive.

Chart 7-4: Contribution of the Core Copyright Industry (%) to Output, by Industry

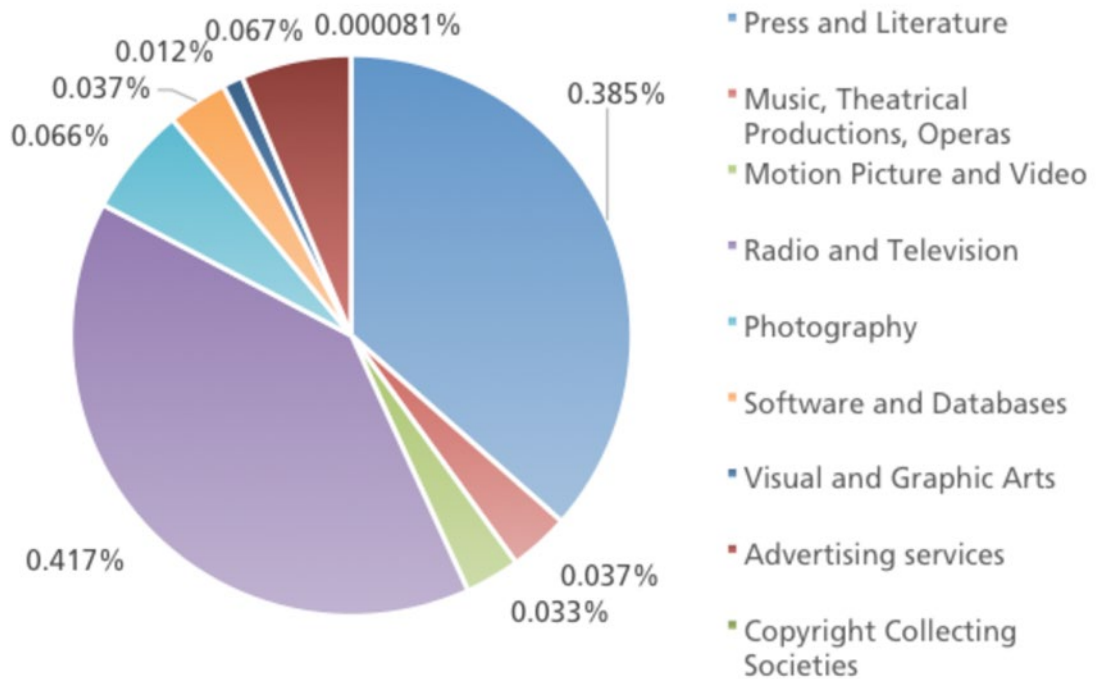


Chart 7-5: Contribution of the Core Copyright Industry (%) to Value Added, by Industry

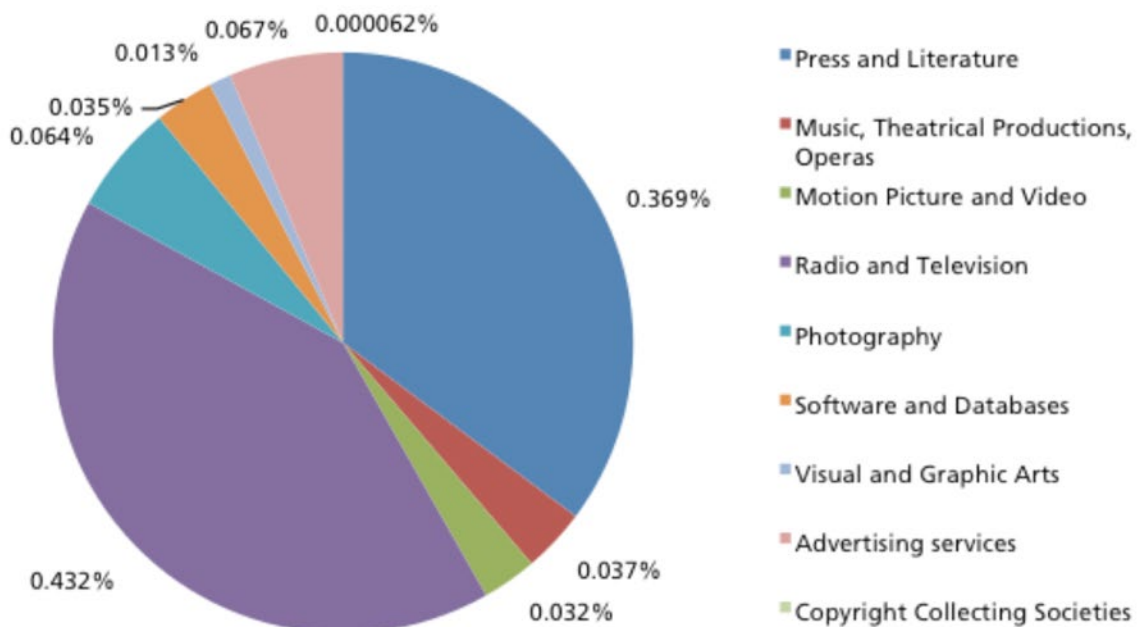


Chart 7-6: Contribution of the Core Copyright Industries (%) to Employment, by Industry

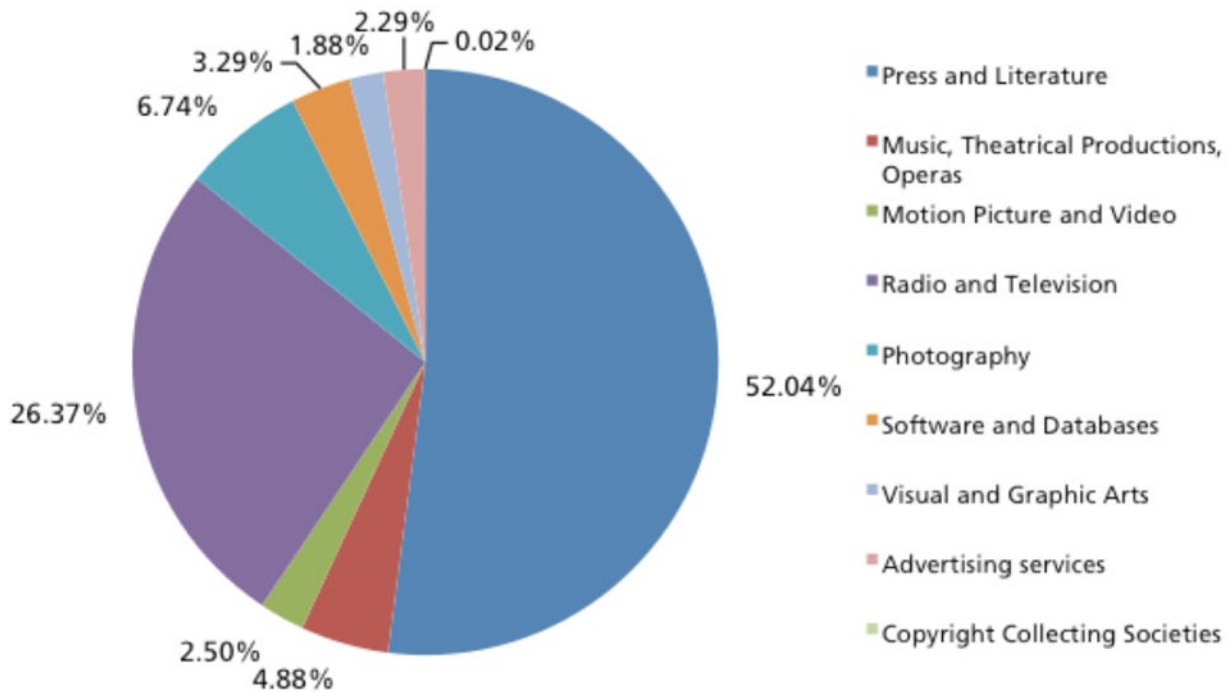


Table 7-3 presents the relative contribution of each core copyright industry to total core copyright, which again shows that radio and television and press and literature were the biggest industries in the core copyright industries. The rest of the core copyright industries contributed approximately 23.94% to output, 23.6% to value added, and 21.58% to employment in the total of core copyright industries. These results are also depicted in graphical formats in Charts 7-7 to 7.9.

Table 7-3: Relative Contribution of Each Core Copyright Industry to Total Core Copyright Industries (%)

Code	Description of Industry	Output	Value Added	Employment
	TOTAL Core Copyright	100%	100%	100%
1.1	Press and literature	36.52%	35.19%	52.04%
1.2	Music, theatrical productions, operas	3.49%	3.55%	4.88%
1.3	Motion picture and video	3.16%	3.04%	2.50%
1.4	Radio and television	39.54%	41.21%	26.37%
1.5	Photography	6.27%	6.10%	6.74%
1.6	Software and databases	3.46%	3.33%	3.29%
1.7	Visual and graphic arts	1.18%	1.21%	1.88%
1.8	Advertising services	6.37%	6.36%	2.29%
1.9	Copyright collecting societies	0.01%	0.01%	0.02%

Chart 7-7: Relative Contribution of Each Core Copyright Industry to Total Core Copyright Industries in terms of Output

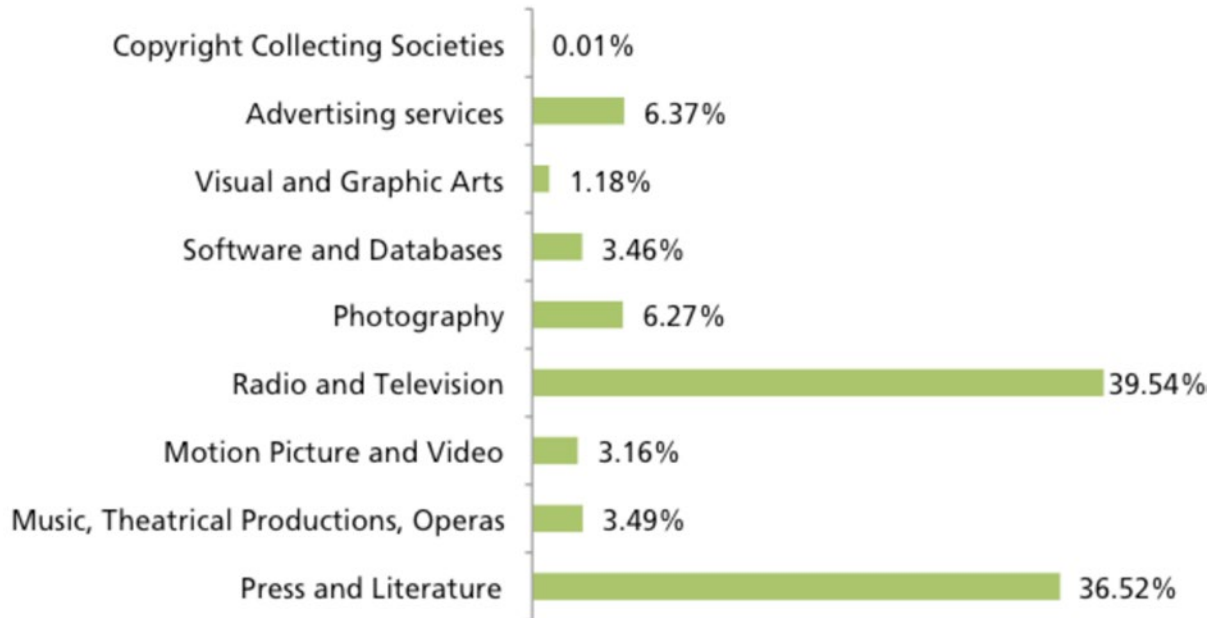


Chart 7-8: Relative Contribution of Each Core Copyright Industry to Total Core Copyright Industries in terms of Value Added

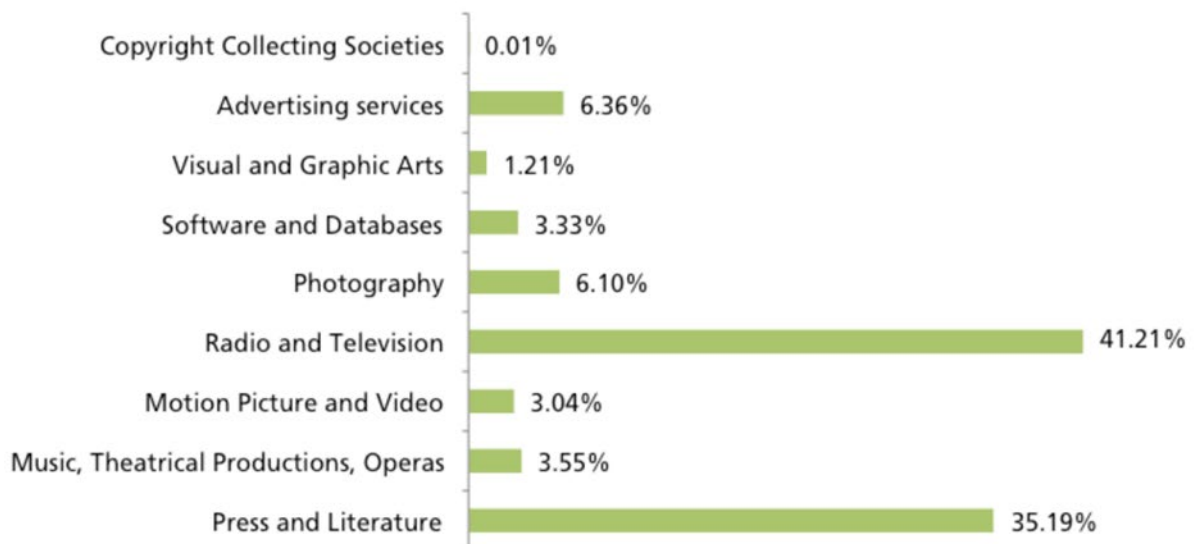
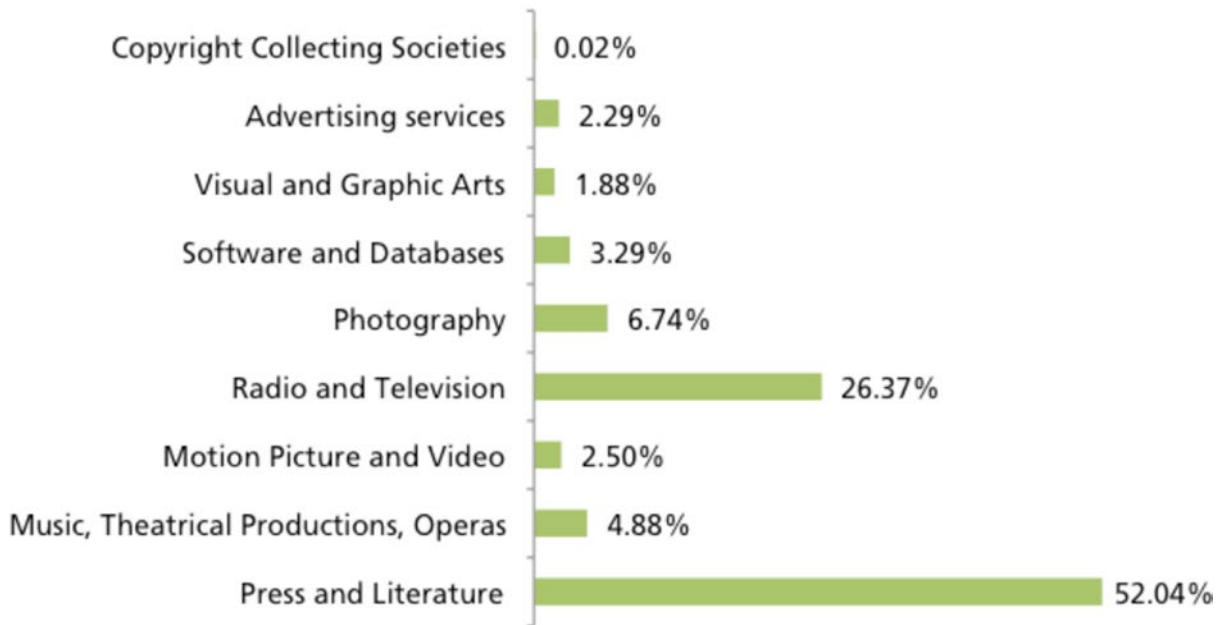


Chart 7-9: Relative Contribution of Each Core Copyright Industry to Total Core Copyright Industries in terms of Employment



7.2 Interdependent Copyright Industries

In the interdependent copyright industries, the biggest industries in terms of output were the manufacture of TV sets, radios, VCRs, CD players, DVD players, and cassette players, and the electronic industry; paper; musical instruments; computers and equipment; and photographic and cinematographic instruments. In terms of value added, the rank of the biggest contributors was similar. However, in terms of employment, the paper industry absorbed the largest number of employees, followed by TV sets, Radios, VCRs, CD players, DVD players, cassette players, and the electronic industry; photographic and cinematographic instruments; musical instruments, and blank recording materials. These data are presented in Table 7-4 and in Charts 7-10 to 7-12.

Table 7-4: Contribution of the Interdependent Copyright Industries

Code	Description of Industry	Output (Million IDR)	Value Added (Million IDR)	Employment
	TOTAL Interdependent Copyright Industries	113,017,173.10	41,755,138.49	289,720.22
2.1	TV sets, Radios, VCRs, CD players, DVD players, cassette players, electronic	54,779,040.24	20,017,221.43	94,229.63
2.2	Computers and equipment	1,529,524.79	1,072,580.35	1,977.91
2.3	Musical instruments	3,004,512.48	995,731.10	29,334.50
2.4	Photographic and cinematographic instruments	1,478,468.14	329,352.74	28,773.94
2.5	Photocopiers	5,856.67	2798.3115	775.434
2.6	Blank recording materials	920,680.65	195,210.53	1722.9618
2.7	Paper	51,299,090.13	19,142,244.02	132,905.84

Chart 7-10: Contribution of the Interdependent Copyright Industries in terms of Output, by Industry

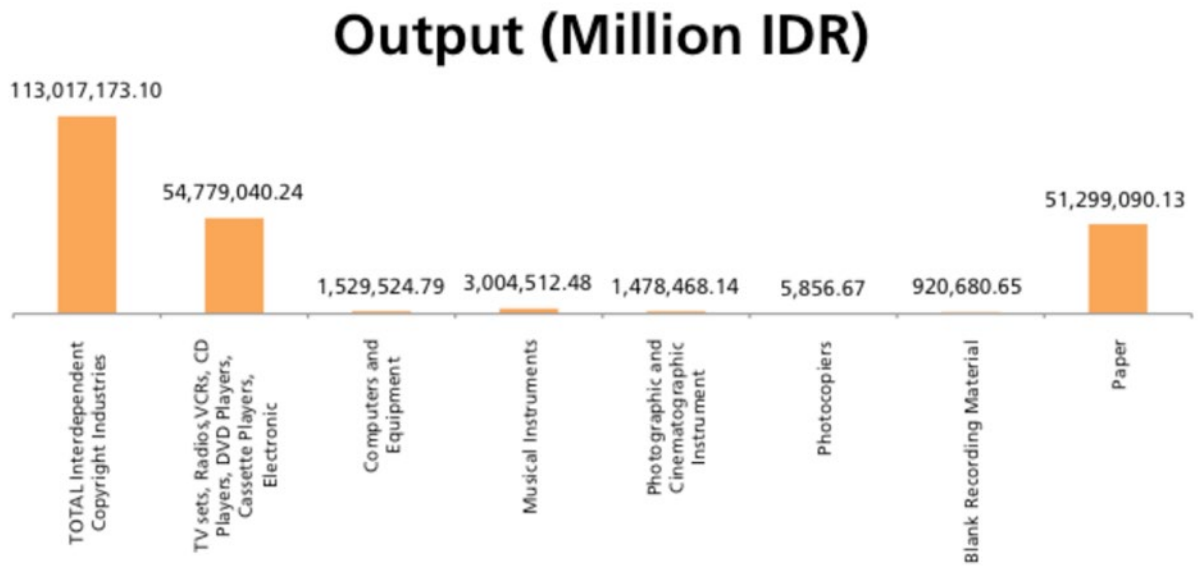


Chart 7-11: Contribution of the Interdependent Copyright Industries in terms of Value added, by Industry

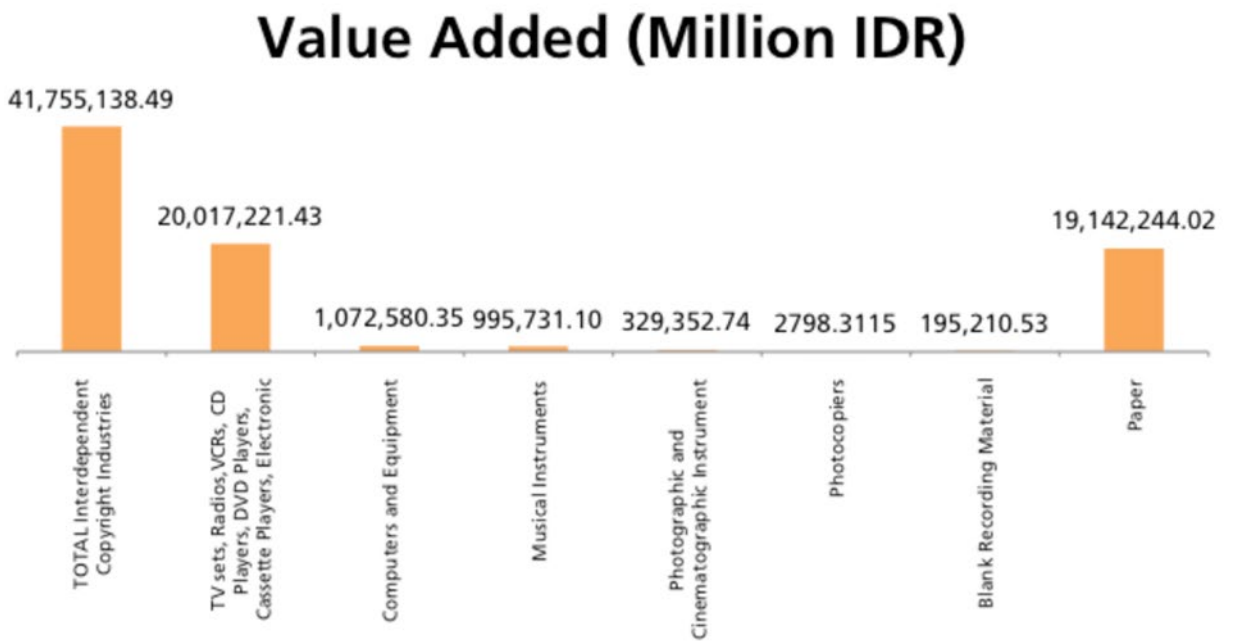
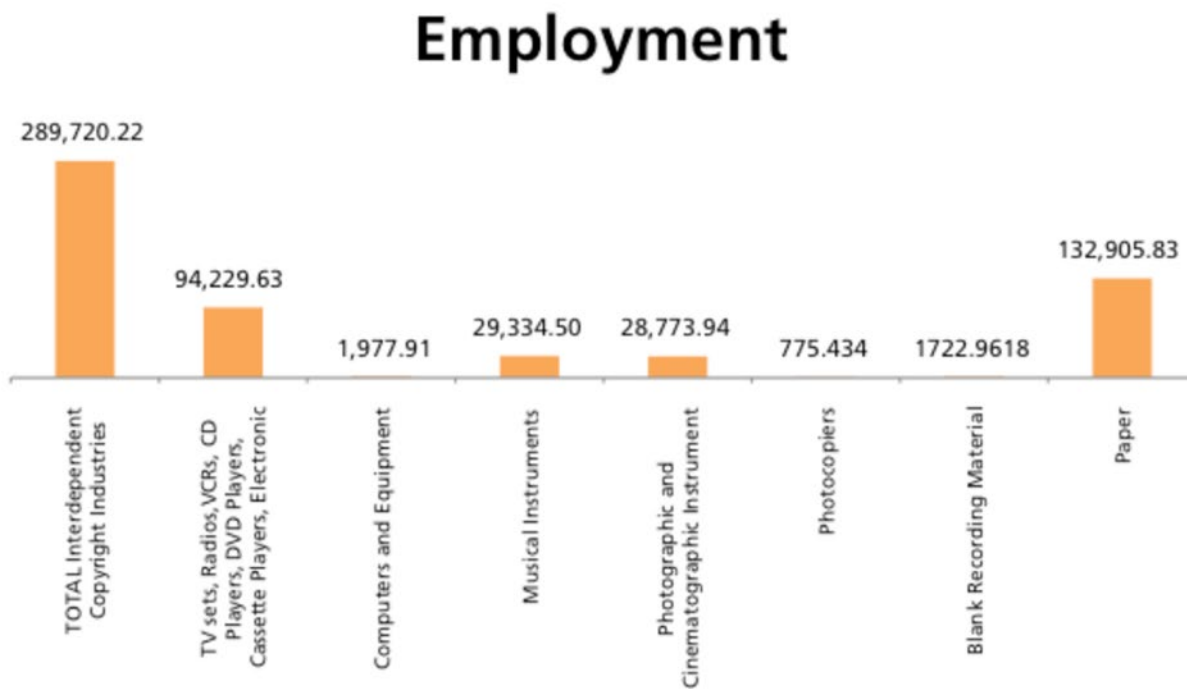


Chart 7-12: Contribution of the Interdependent Copyright Industries in terms of Employment, by Industry



The contributions of interdependent copyright industries to total national output, value added, and employment are shown in Table 7-5 and Charts 7-13 to 7-15. The total contribution of interdependent copyright industries was 0.465% (to national output), 0.335% (to national value added), and 0.061% (to national employment). The 'big five' in the interdependent copyright industries contributed 0.243%, 0.192%, 0.014%, 0.006%, and 0.004%, respectively, to output. In terms of value added, TV sets, Radios, VCRs, CD players, DVD players, cassette players, and the electronic industry contributed 0.178% to national total value added, while paper was the second biggest contributor of 0.137%. However, in terms of employment, paper contributed more than TV sets, Radios, VCRs, CD players, DVD players, cassette players, and electronic industry, with 0.031% and 0.018% contribution, respectively.

Table 7-5: Contribution of the Interdependent Copyright Industries (%)

Code	Description of Industry	Output	Value Added	Employment
	TOTAL Interdependent Industries	0.70%	0.65%	0.27%
2.1	TV sets, radios, VCRs, CD players, DVD players, cassette players, electronic	0.34%	0.31%	0.09%
2.2	Computers and equipment	0.01%	0.02%	0.00%
2.3	Musical instruments	0.02%	0.02%	0.03%
2.4	Photographic and cinematographic instruments	0.01%	0.01%	0.03%
2.5	Photocopiers	0.00004%	0.00004%	0.00%
2.6	Blank recording material	0.01%	0.003%	0.00%
2.7	Paper	0.32%	0.30%	0.12%

Chart 7-13: Contribution of the Interdependent Copyright Industries to Output (%), by Industry

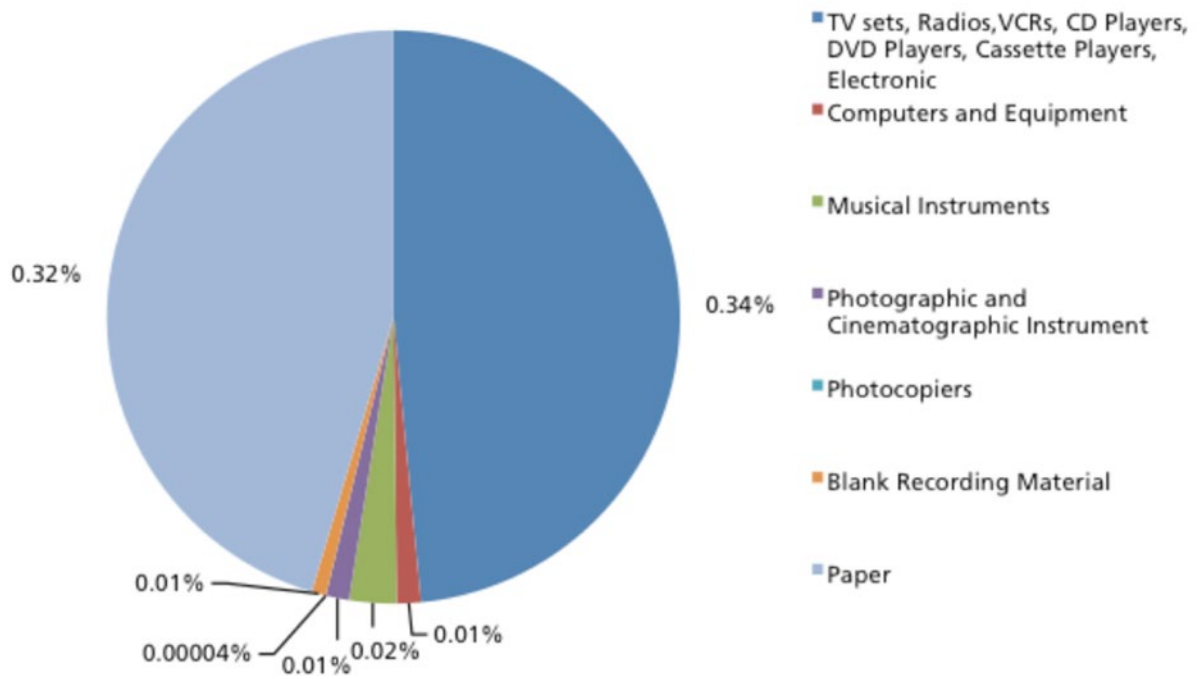


Chart 7-14: Contribution of the Interdependent Copyright Industries to Value-Added (%), by Industry

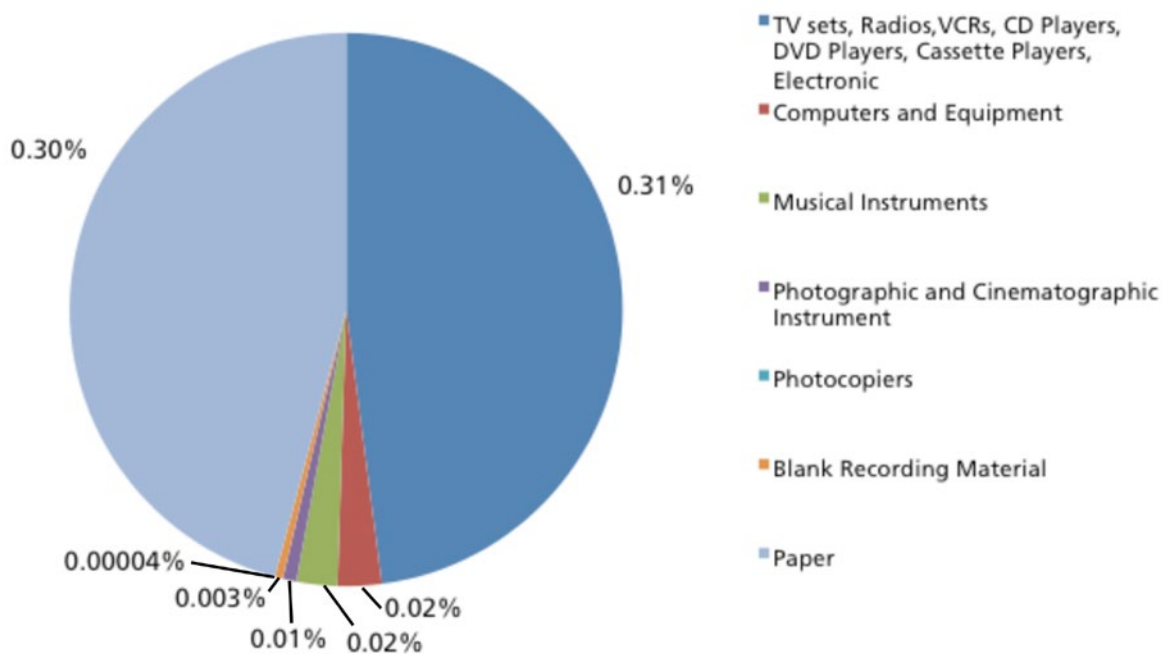




Chart 7-15: Contribution of the Interdependent Copyright Industries to Employment (%), by Industry

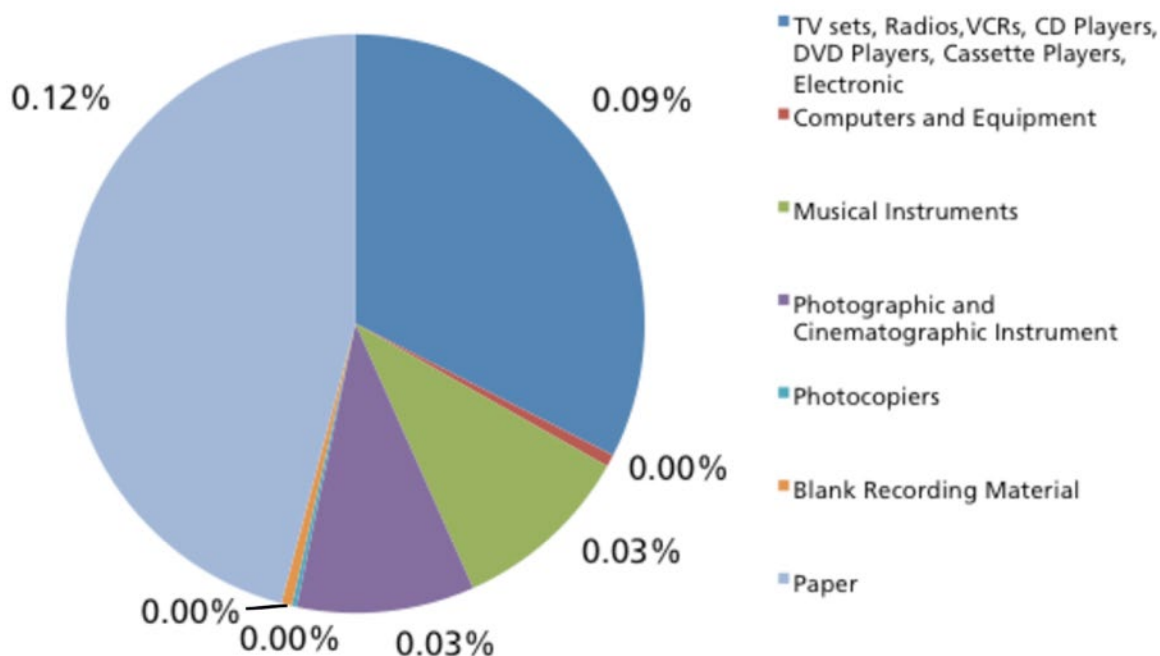


Table 7-6 presents the relative contribution of each interdependent copyright industry to the total of interdependent copyright industries, which again shows that TV sets, Radios, VCRs, CD players, DVD players, cassette players and electronic and paper industries accounted for 93.613% of the total output of all the interdependent copyright industries. Similarly, these two industries accounted for 94.119% of the total value added of the interdependent industries. In terms of employment, these industries accounted for 78.975% of the total employment in the interdependent industries. These results are also depicted in graphical format in Charts 7-16 to 7-18.

Table 7-6: Relative Contribution of Each Interdependent Copyright Industry to Total Interdependent Copyright Industries

Code	Description of Industry	Output	Value Added	Employment
	TOTAL Interdependent Industries	100%	100%	100%
2.1	TV sets, radios, VCRs, CD Players, DVD players, cassette players, electronic	48.47%	47.94%	32.52%
2.2	Computers and equipment	1.35%	2.57%	0.68%
2.3	Musical instruments	2.66%	2.38%	10.13%
2.4	Photographic and cinematographic instruments	1.31%	0.79%	9.93%
2.5	Photocopiers	0.01%	0.01%	0.27%
2.6	Blank recording material	0.81%	0.47%	0.59%
2.7	Paper	45.39%	45.84%	45.87%

Chart 7-16: Relative Contribution of Each Interdependent Industry to Total Interdependent Industries in terms of Output

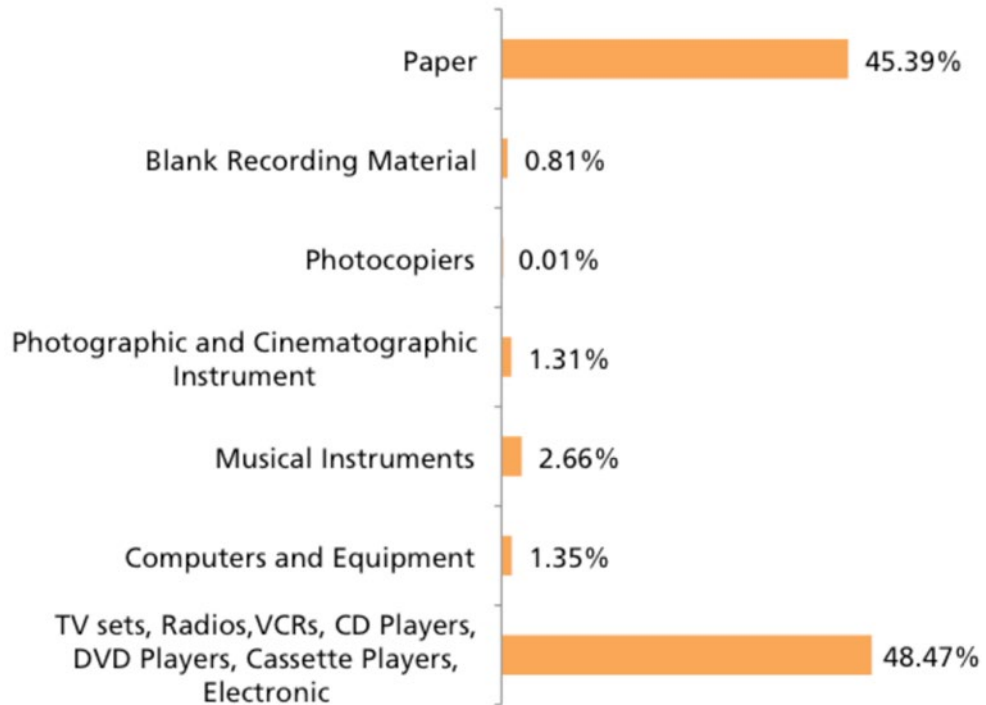


Chart 7-17: Relative Contribution of Each Interdependent Industry to Total Interdependent Industries in terms of Value Added

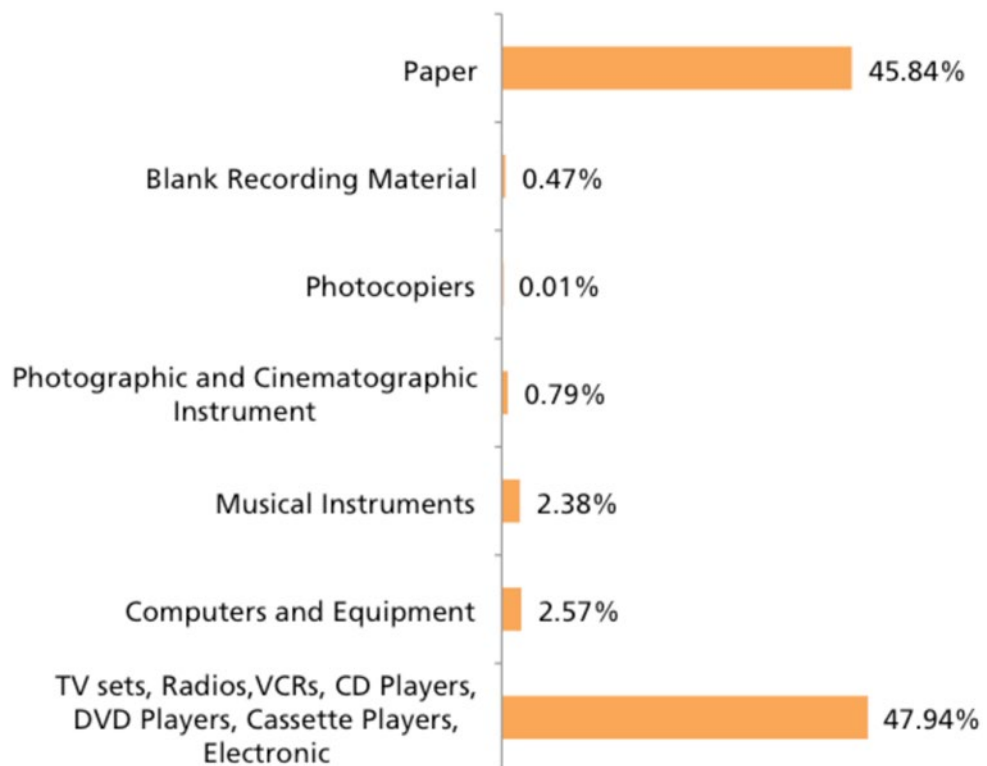
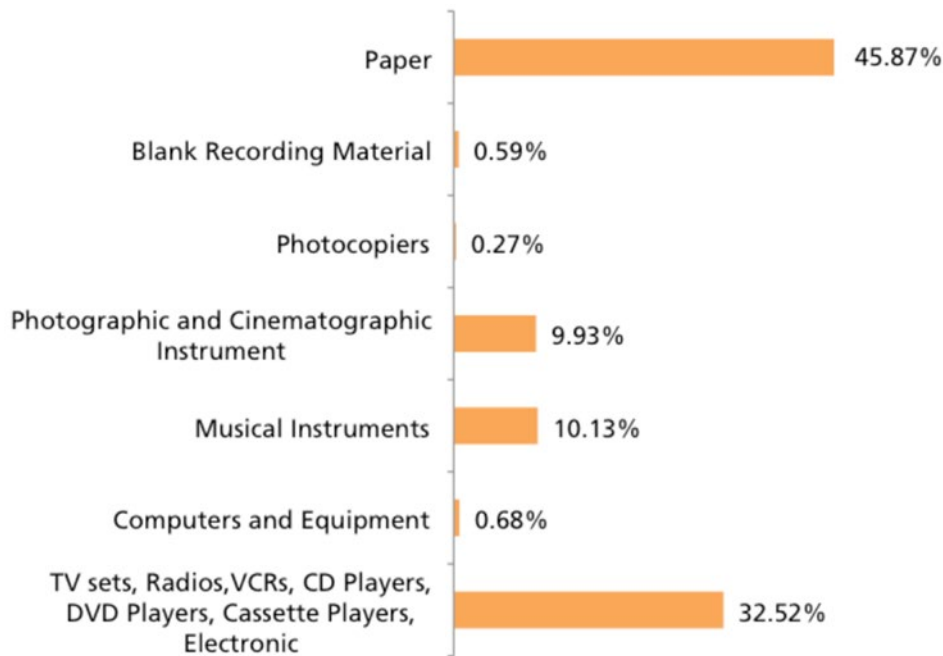


Chart 7-18: Relative Contribution of Each Interdependent Industry to Total Interdependent Industries in terms of Employment



7.3 Partial Copyright Industries

In the partial copyright industries, both in terms of value added and employment, the biggest contributors were the handicraft industries, followed by apparel, textiles and footwear; and furniture. The other industries in the partial copyright category were considerably behind these three industries (see Table 7-7 and Charts 7-19 to 7-21). Handicraft industry, which includes *batik* arts, traditional woven fabrics, souvenirs, and handmade accessories, has become one of the biggest industries in the creative sectors in Indonesia. Apparel, textiles and footwear, and furniture are also two main commodities for exports.

Table 7-7: Contribution of the Partial Copyright Industries

Code	Description of Industry	Output (Million IDR)	Value Added (Million IDR)	Employment
	TOTAL Partial Copyright Industries	346,821,235	132,091,478	2,223,464
3.1	Apparel, textiles, and footwear	129,644,168	46,364,365	531,612
3.2	Jewelry and coins	2,842,663	716,395	37,047
3.3	Other crafts	6,263,771	2,416,605	501,641
3.4	Furniture	60,583,618	24,109,737	451,973
3.5	Household goods, china, and glass	54,389	22,183	199
3.6	Wallcoverings and carpets	48,403	6,230	351
3.7	Toys and games	3,647,500	1,809,925	13,209
3.8	Architecture, engineering, surveying	5,536,235	4,532,723	8,232
3.9	Interior design	2,271,285	1,943,010	22,279
3.1	Museums	160,295	106,225	2,710
3.11	Handicraft industry	135,768,907	50,064,079	654,211

Chart 7-19: Contribution of the Partial Copyright Industries in terms of Output, by Industry

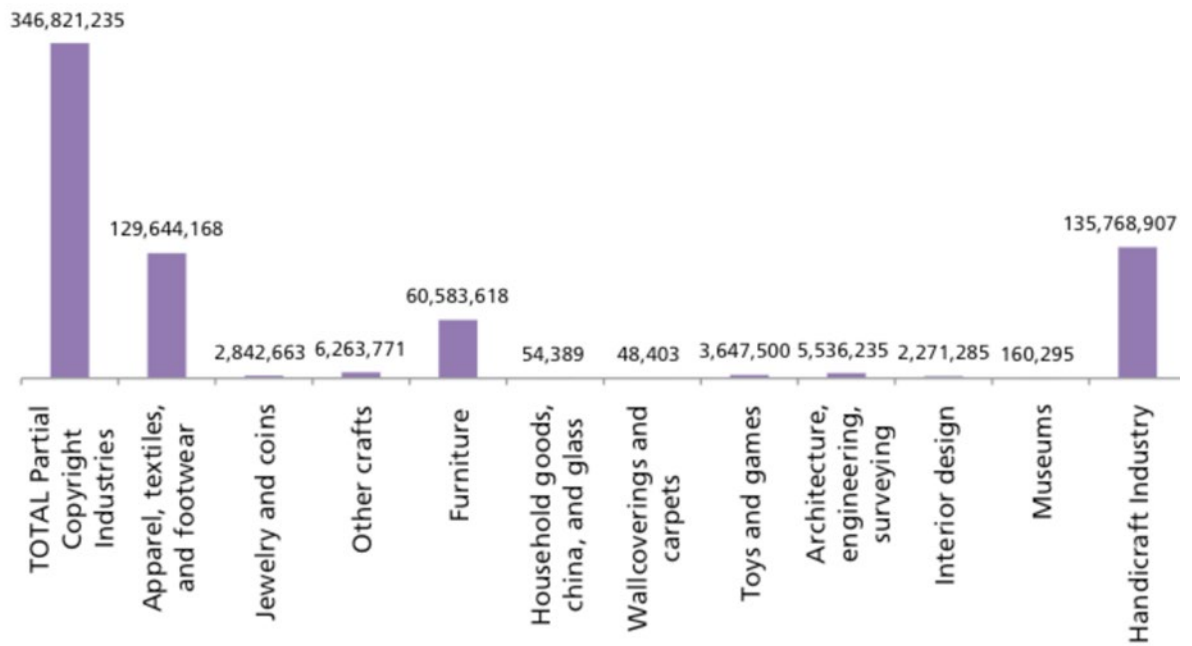


Chart 7-20: Contribution of the Partial Copyright Industries in terms of Value Added, by Industry

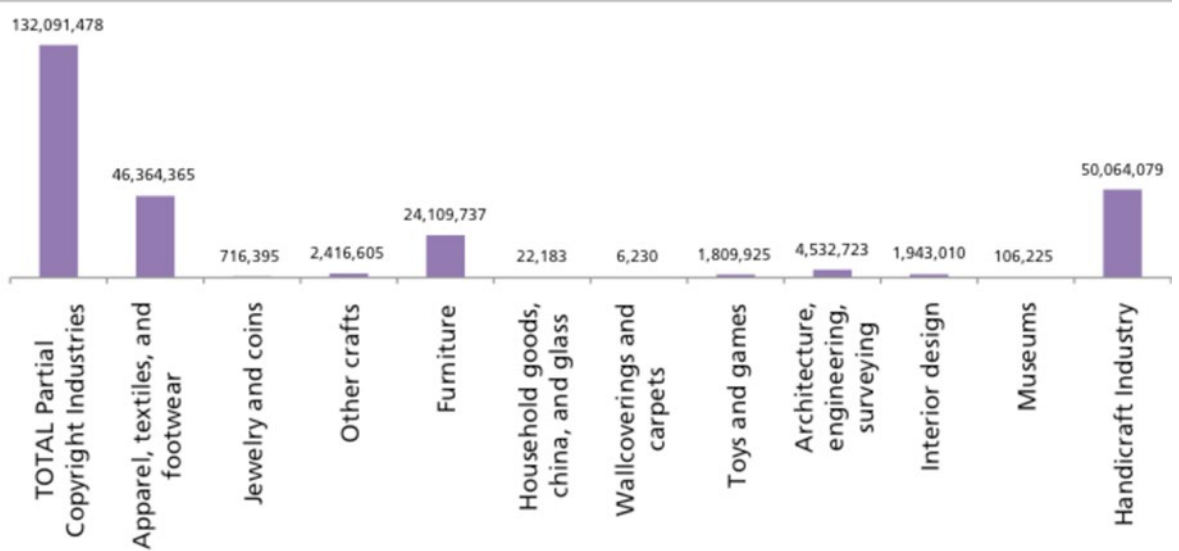
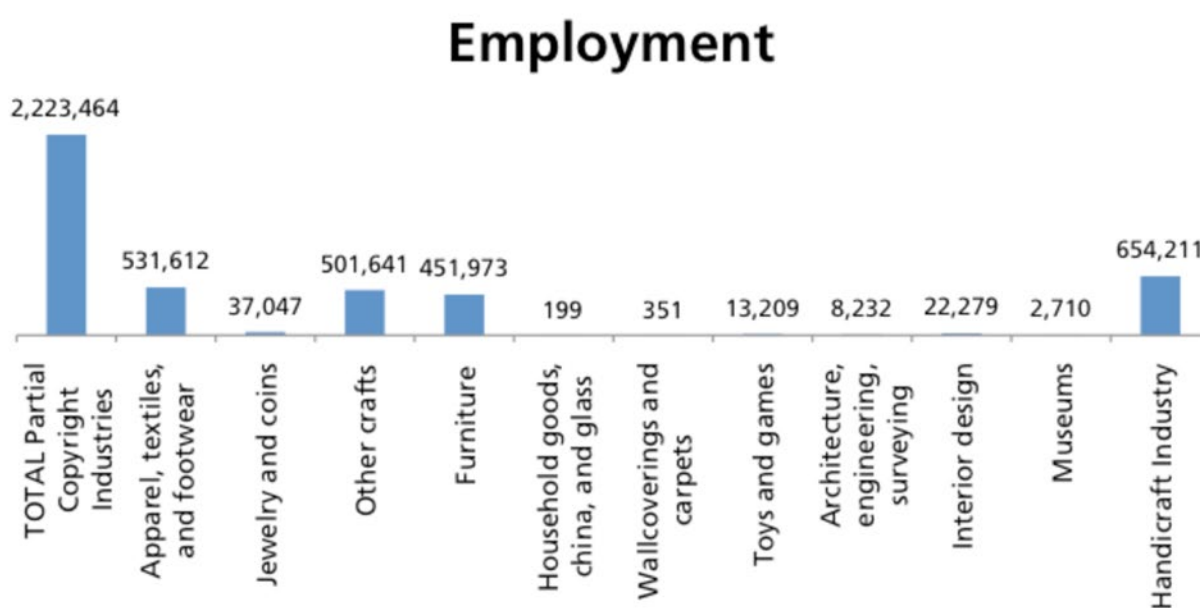


Chart 7-21: Contribution of the Partial Copyright Industries in terms of Employment, by Industry



The contributions of partial copyright industries to total national output, value added and employment, in percentages (%), are shown in Table 7-8 and Charts 7-22 to 7-24. The total contribution of partial copyright industries was 2.16% (to national output), 2.06% (to national value added), and 2.05% (to national employment). The 'big three' in the partial copyright industries contributed 0.85%, 0.81%, and 0.38%, respectively. In terms of value added, handicraft was the biggest contributor, followed by the apparel, textiles, and footwear industry and furniture, contributing 0.78%, 0.72%, and 0.38% to national total value added. This pattern also applies to contribution in terms of employment, where handicraft, apparel, textiles and footwear, and furniture were the biggest contributors.

Table 7-8: Contribution of the Partial Copyright Industries (%)

Code	Description of Industry	Output	Value Added	Employment
	TOTAL Partial Copyright Industries	2.16%	2.06%	2.05%
3.1	Apparel, textiles, and footwear	0.81%	0.72%	0.49%
3.2	Jewelry and coins	0.02%	0.01%	0.03%
3.3	Other crafts	0.04%	0.04%	0.46%
3.4	Furniture	0.38%	0.38%	0.42%
3.5	Household goods, china, and glass	0.0003%	0.0003%	0.0002%
3.6	Wallcoverings and carpets	0.0003%	0.0001%	0.0003%
3.7	Toys and games	0.02%	0.03%	0.01%
3.8	Architecture, engineering, surveying	0.03%	0.07%	0.01%
3.9	Interior design	0.01%	0.03%	0.02%
3.1	Museums	0.001%	0.002%	0.003%
3.11	Handicraft industry	0.85%	0.78%	0.60%

Chart 7-22: Contribution of the Partial Copyright Industries (%) to Output

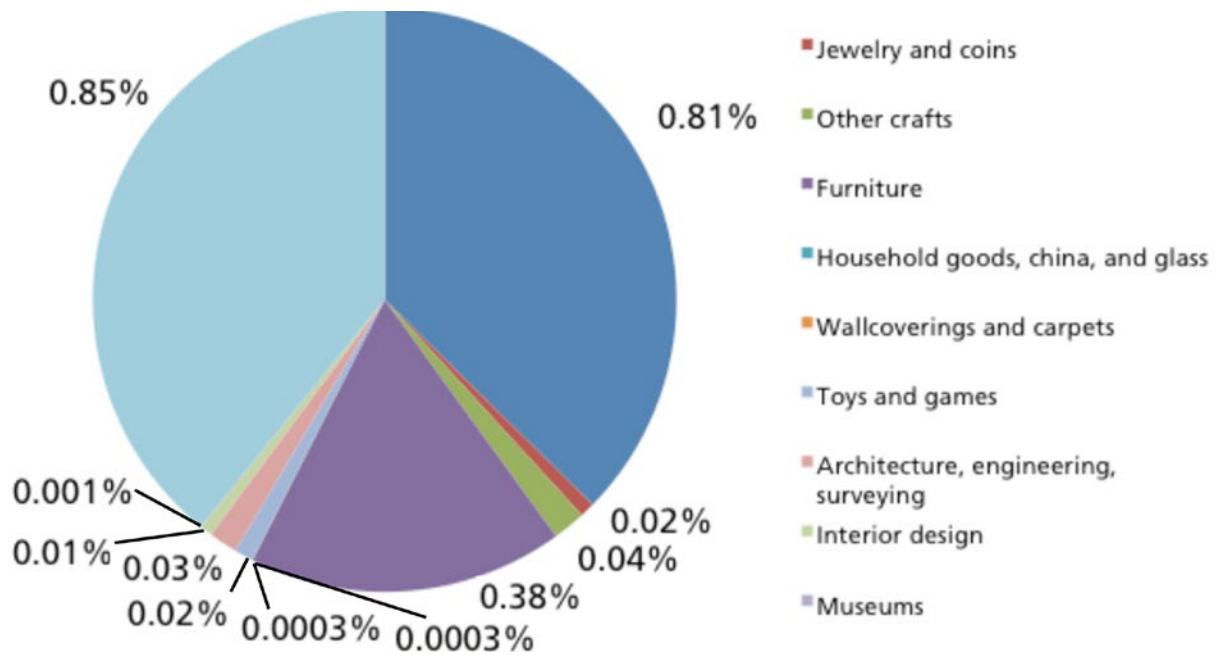


Chart 7-23: Contribution of the Partial Copyright Industries (%) to Value added

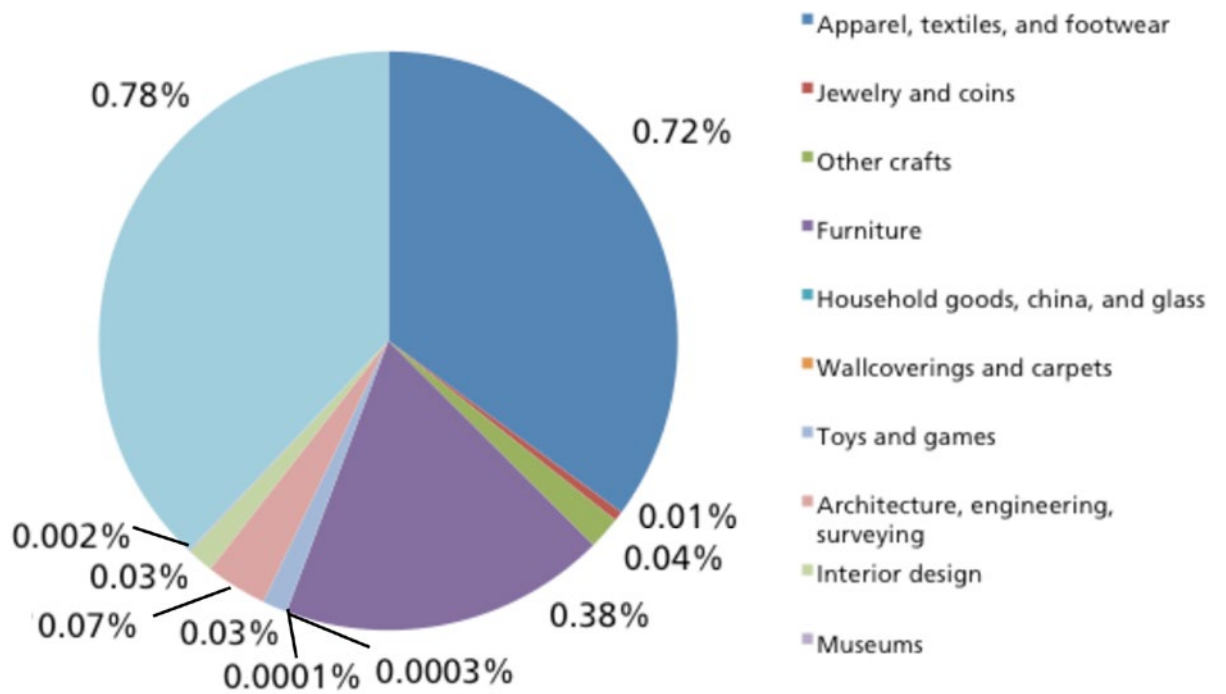


Chart 7-24: Contribution of the Partial Copyright Industries (%) to Employment

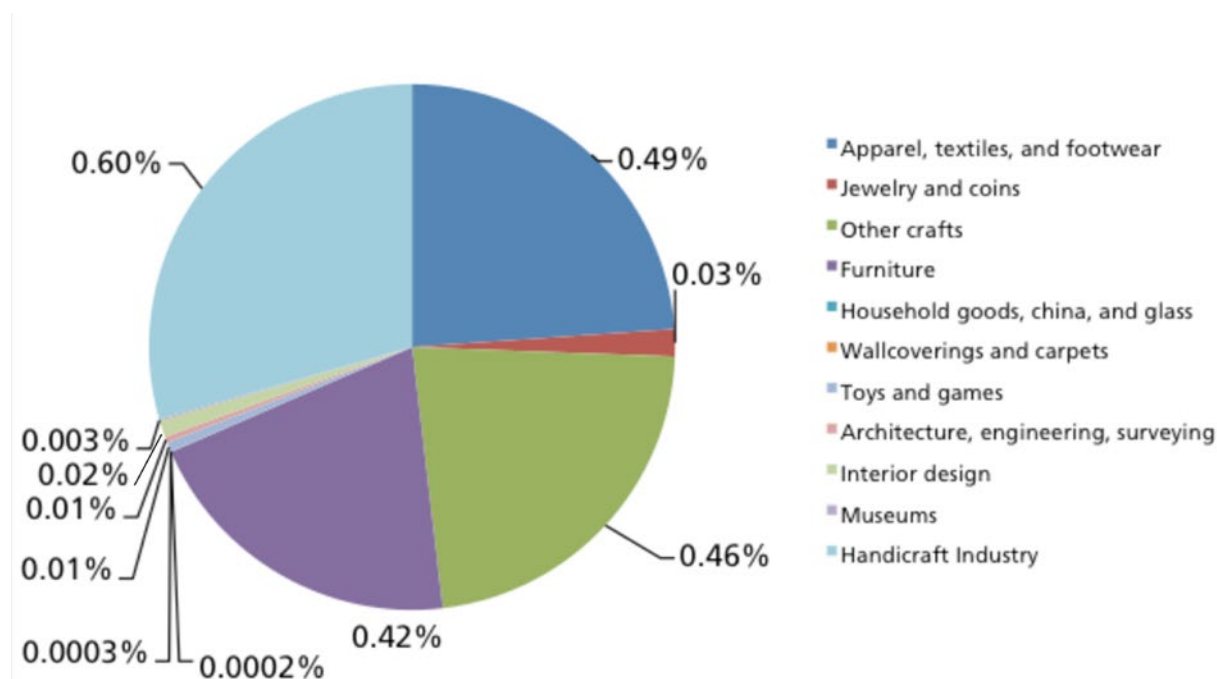


Table 7-9 depicts the relative contribution of each partial copyright industry to total partial copyright industries, which again shows that the handicraft; apparel, textiles and footwear, and furniture industries accounted for 94 % of the total output of all the partial copyright industries. Similarly, these three industries accounted for 91.25% of the total value added of the partial copyright industries. In terms of employment, these industries accounted for 73.66% of the total employment in the partial copyright industries. The category of ‘other crafts’ contributed 22.56%. These results are also depicted in graphical formats in Charts 7-25 to 7-27.

Table 7-9: Relative Contribution of Each Partial Copyright Industry to Total Partial Copyright Industries

Code	Description of Industry	Output	Value Added	Employment
	TOTAL Partial Copyright Industries	100%	100%	100%
3.1	Apparel, textiles, and footwear	37.38%	35.10%	23.91%
3.2	Jewelry and coins	0.82%	0.54%	1.67%
3.3	Other crafts	1.81%	1.83%	22.56%
3.4	Furniture	17.47%	18.25%	20.33%
3.5	Household goods, china and glass	0.02%	0.02%	0.01%
3.6	Wallcoverings and carpets	0.01%	0.00%	0.02%
3.7	Toys and games	1.05%	1.37%	0.59%
3.8	Architecture, engineering, surveying	1.60%	3.43%	0.37%
3.9	Interior design	0.65%	1.47%	1.00%
3.1	Museums	0.05%	0.08%	0.12%
3.11	Handicraft industry	39.15%	37.90%	29.42%

Chart 7-25: Relative Contribution of Each Partial Copyright Industry to Total Partial Copyright Industries in terms of Output

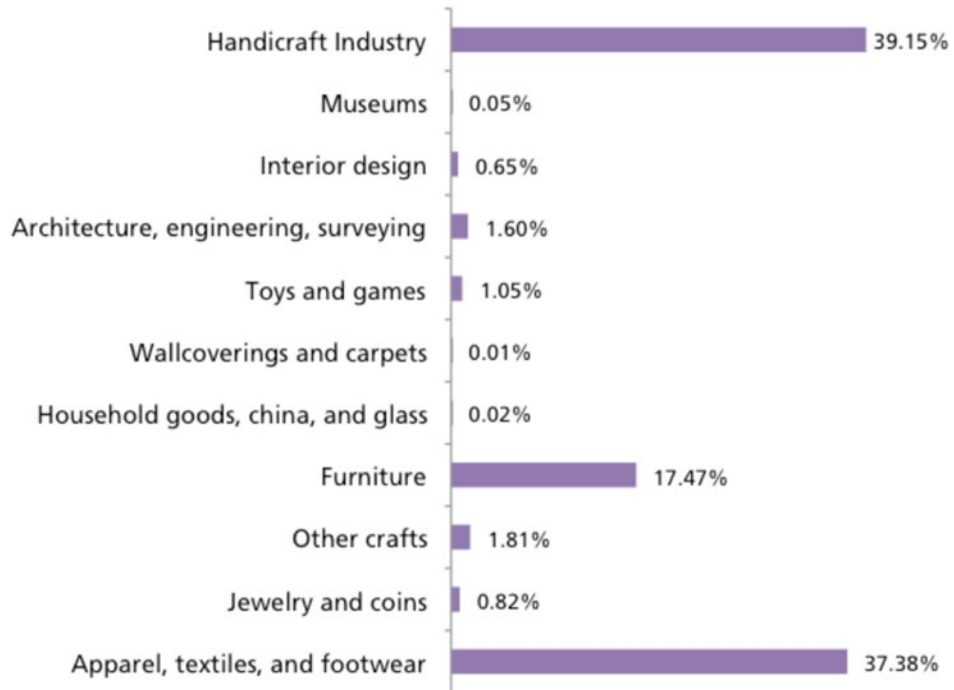


Chart 7-26: Relative Contribution of Each Partial Copyright Industry to Total Partial Copyright Industries in terms of Value Added

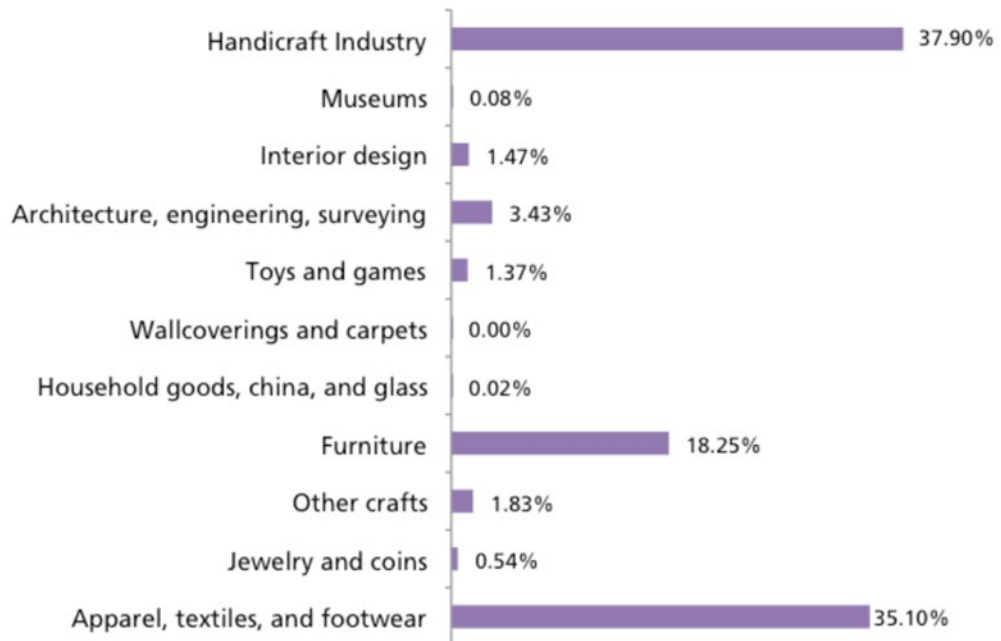
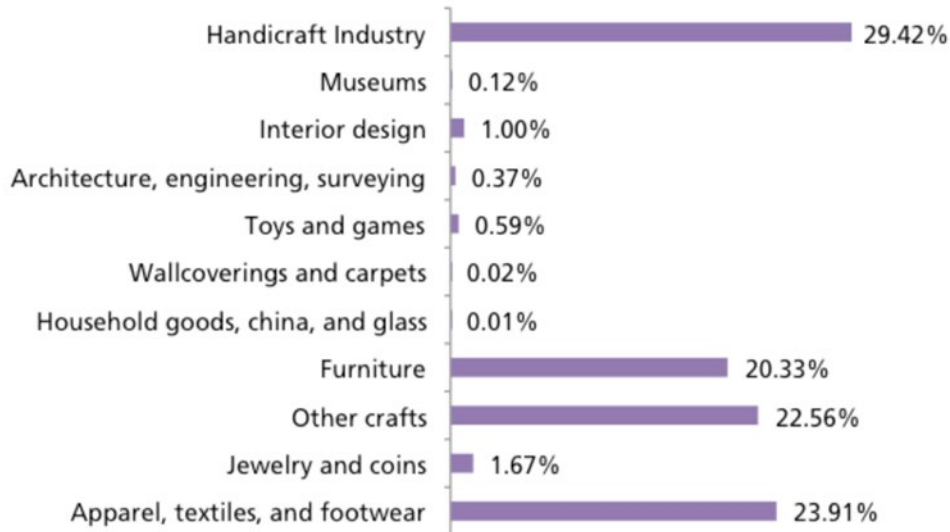


Chart 7-27: Relative Contribution of Each Partial Copyright Industry to Total Partial Copyright Industries in terms of Employment



7.4 Non-dedicated Support Industries

In the non-dedicated support industries, the biggest industry in terms of output was general transportation, followed by telephony and internet and general wholesale and retailing. This pattern was also the same for these industries in terms of value added and employment. These data are presented in Table 7-10 and in Charts 7-28 to 7-30.

Table 7-10: Contribution of the Non-dedicated Support Industries

Code	Description of Industry	Output (Million IDR)	Value Added (Million IDR)	Employment
	TOTAL Non-Dedicated Support Industries	44,260,433.43	23,092,514.83	361,450.76
4.1	General wholesale and retailing	4,941,352.68	3,599,357.50	58,641.70
4.2	General transportation	31,593,028.59	12,518,659.40	255,073.10
4.3	Telephony and internet	7,726,052.16	6,974,497.93	47,735.95

Chart 7-28: Contribution of the Non-dedicated Support Industries in terms of Output

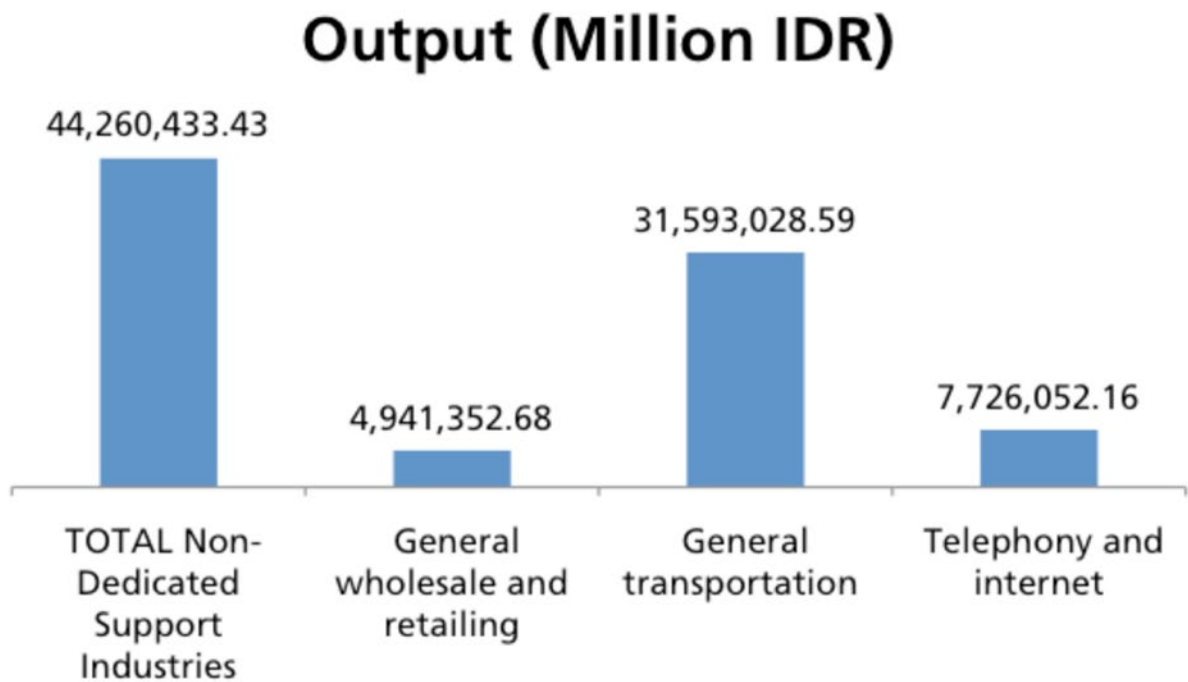


Chart 7-29: Contribution of the Non-dedicated Support Industries in terms of Value Added

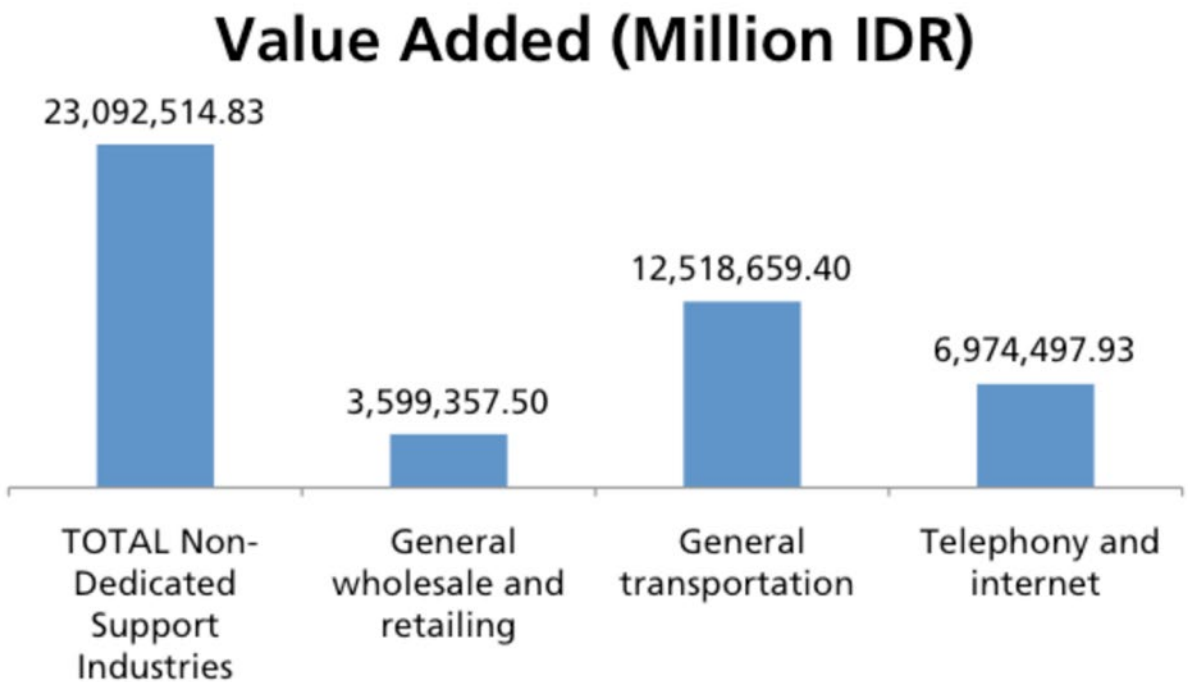
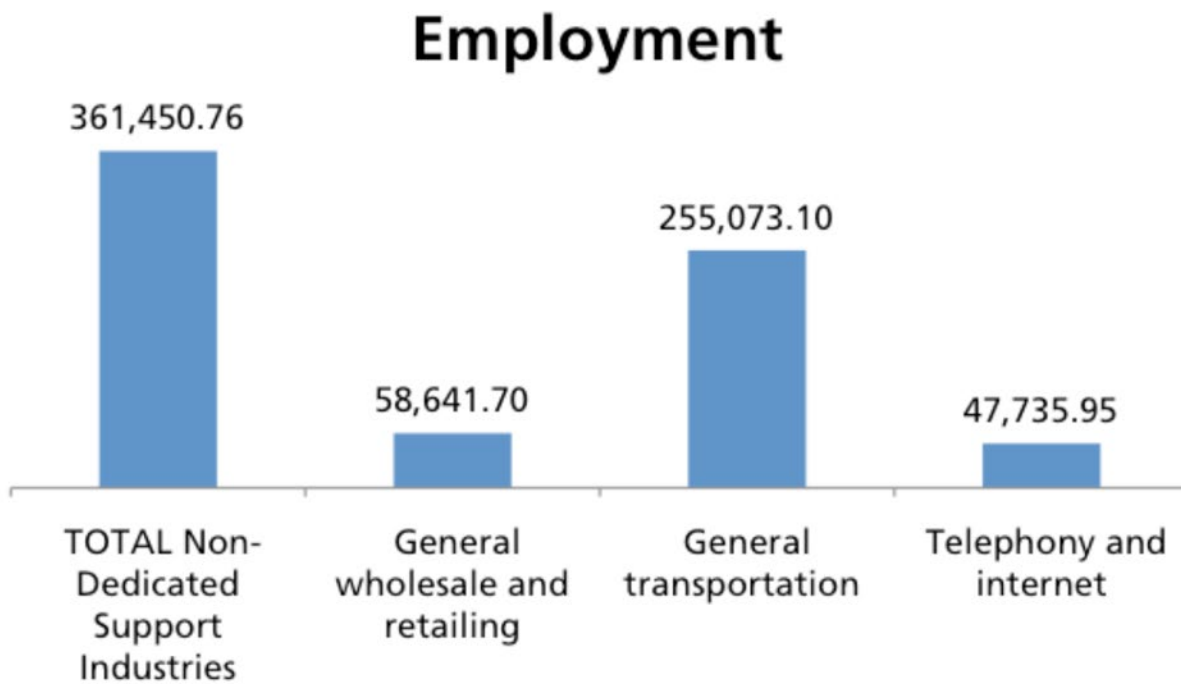


Chart 7-30: Contribution of the Non-dedicated Support Industries in terms of Employment



The contributions of non-dedicated support industries to total national output, value added and employment, in percentages (%), are shown in Table 7-11 and Charts 7-31 to 7-33. The total contribution of non-dedicated support industries was 0.28% (to national output), 0.36% (to national value added), and 0.33% (to national employment). In terms of output, general transportation was the biggest contributor (0.2%), followed by telephony and internet (0.05%) and general wholesale and retailing (0.03%). In terms of value added, general transportation was also the biggest contributor (0.19%), followed by telephony and internet (0.011%) and general wholesale and retailing (0.006%). However, in terms of employment, the rank was slightly different, that is, general transportation, general wholesale and retailing, and telephony and internet, with contributions of 0.24%; 0.05%; and 0.04%, respectively.

Table 7-11: Contribution of the Non-dedicated Support Industries (%)

Code	Description of Industry	Output	Value Added	Employment
	TOTAL Non-Dedicated Support Industries	0.28%	0.36%	0.33%
4.1	General wholesale and retailing	0.03%	0.06%	0.05%
4.2	General transportation	0.20%	0.19%	0.24%
4.3	Telephony and internet	0.05%	0.11%	0.04%

Chart 7-31: Contribution of the Non-dedicated Support Industries (%) to Output

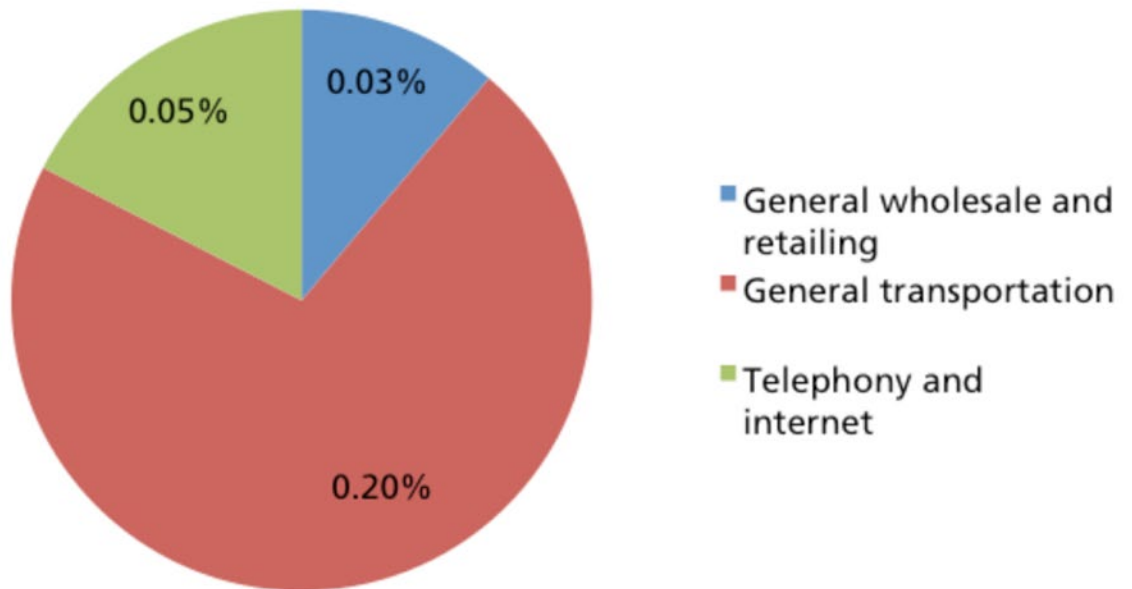


Chart 7-32: Contribution of the Non-dedicated Support Industries (%) to Value added

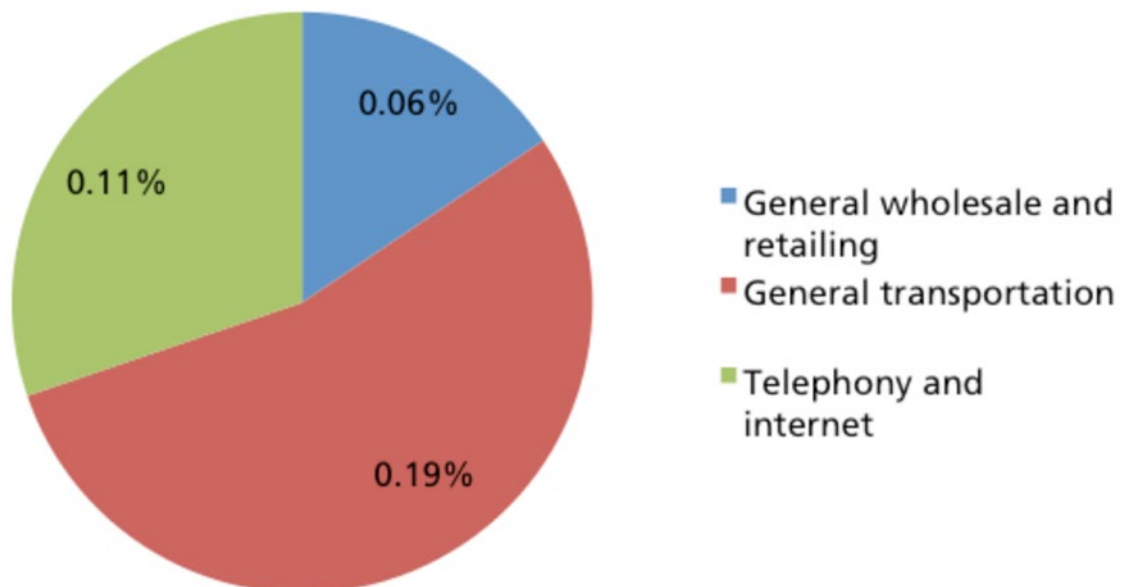


Chart 7-33: Contribution of the Non-dedicated Support Industries (%) to Employment

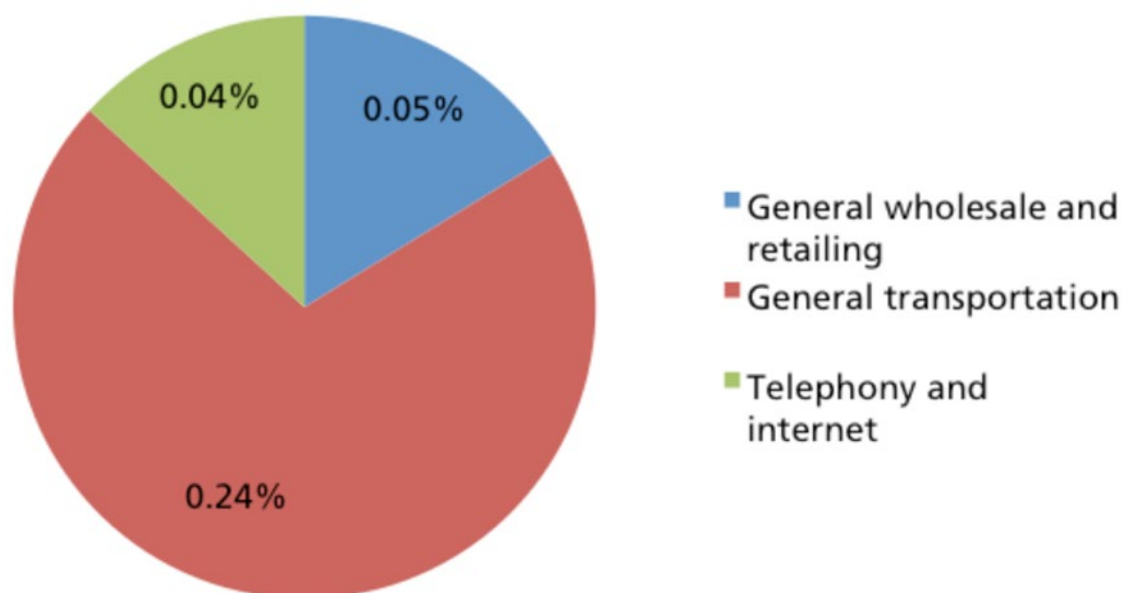


Table 7-12 and Charts 7-34 to 7-36 depict the relative contribution of each non-dedicated support industry to the total of non-dedicated support copyright industries, which again shows that general transportation was the biggest contributor in terms of output, value added and employment. In terms of value added, telephony and internet was ranked number two, but in terms of employment it was ranked number three.

Table 7-12: Relative Contribution of Each Non-dedicated Support Industry to Total Non-dedicated Support Industries

Code	Description of Industry	Output	Value Added	Employment
	TOTAL Non-dedicated Support Industries	100.00%	100.00%	100.00%
4.1	General wholesale and retailing	11.16%	15.59%	16.22%
4.2	General transportation	71.38%	54.21%	70.57%
4.3	Telephony and internet	17.46%	30.20%	13.21%

Chart 7-34: Relative Contribution of Each Non-dedicated Support Industry to Total Non-dedicated Support Industries in terms of Output

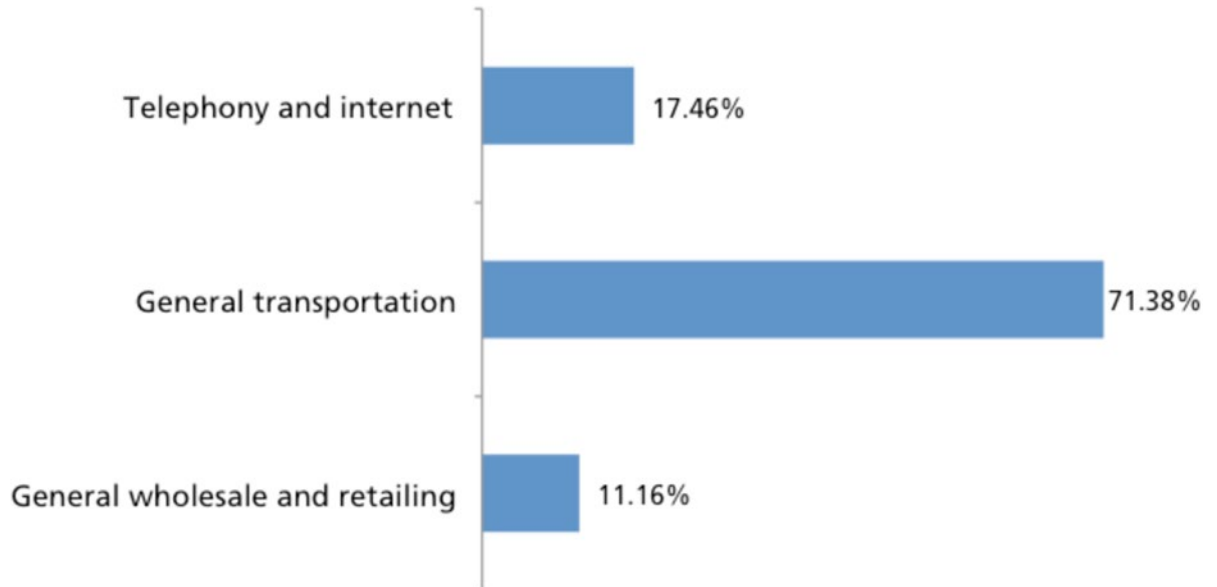


Chart 7-35: Relative Contribution of Each Non-dedicated Support Industry to Total Non-dedicated Support Industries in terms of Value Added

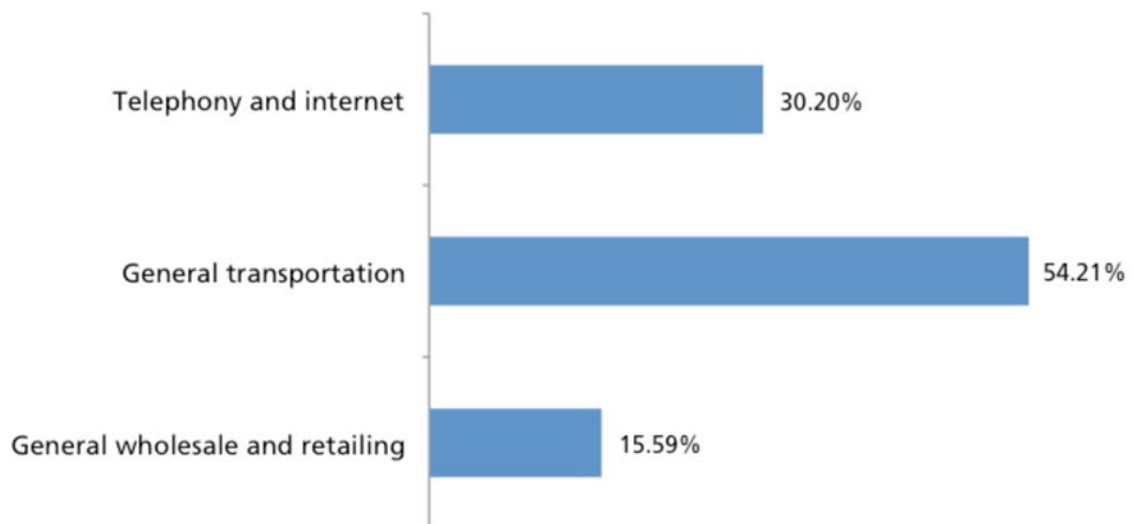
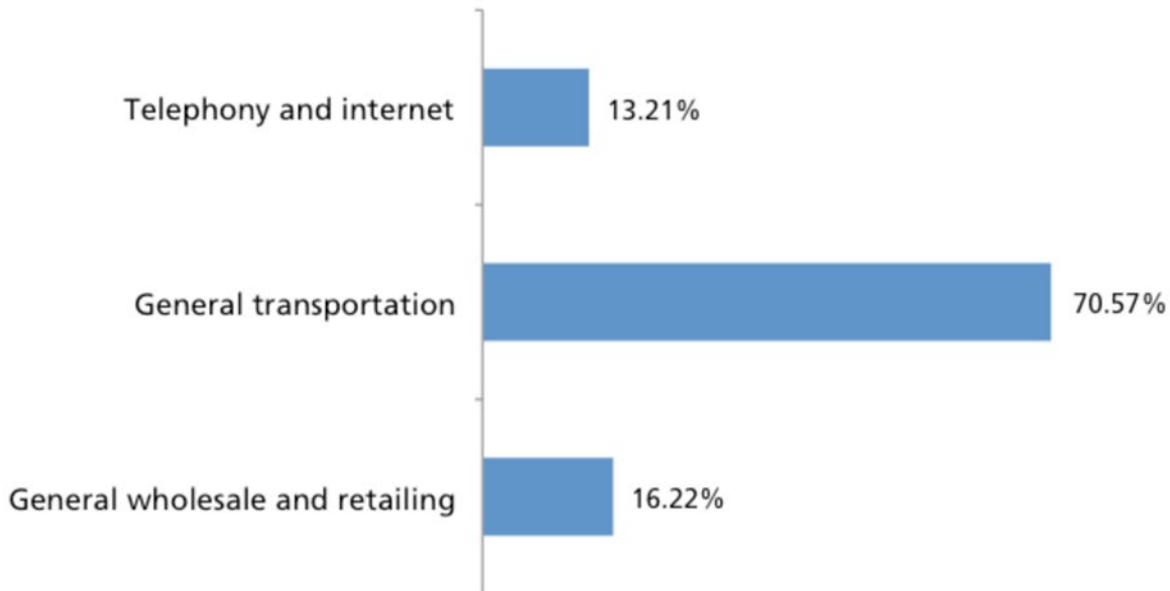


Chart 7-36: Relative Contribution of Each Non-dedicated Support Industry to Total Non-dedicated Support Industries in terms of Employment



7.5 Total Contribution of Copyright Industries

The total economic contribution (in absolute terms) of all the copyright industries is depicted in Table 7-13. In graphical formats, these data are depicted in Charts 7-37 to 7-39. The biggest category contributing to output was partial copyright industries, followed by the core copyright, interdependent copyright, and non-dedicated support industries. In terms of value added, the biggest contributor was also the partial copyright industries, followed by core copyright, interdependent copyright, and lastly non-dedicated support industries. In terms of employment, the ranking was slightly different and the interdependent copyright industries made the least contribution.

Table 7-13: Contribution of Copyright Industries

Code	Description of Industry	Output	Value Added (Million IDR)	Employment
	TOTAL COPYRIGHT	673,506,900.59	264,212,744.97	4,064,345.55
1	Core Copyright Industries	169,408,059.24	67,273,614.14	1,189,710.36
2	Interdependent Copyright Industries	113,017,173.10	41,755,138.49	289,720.22
3	Partial Copyright Industries	346,821,234.82	132,091,477.52	2,223,464.22
4	Non-dedicated Support Industries	44,260,433.43	23,092,514.83	361,450.76

Chart 7-37: Contribution of Copyright Industries in terms of Output

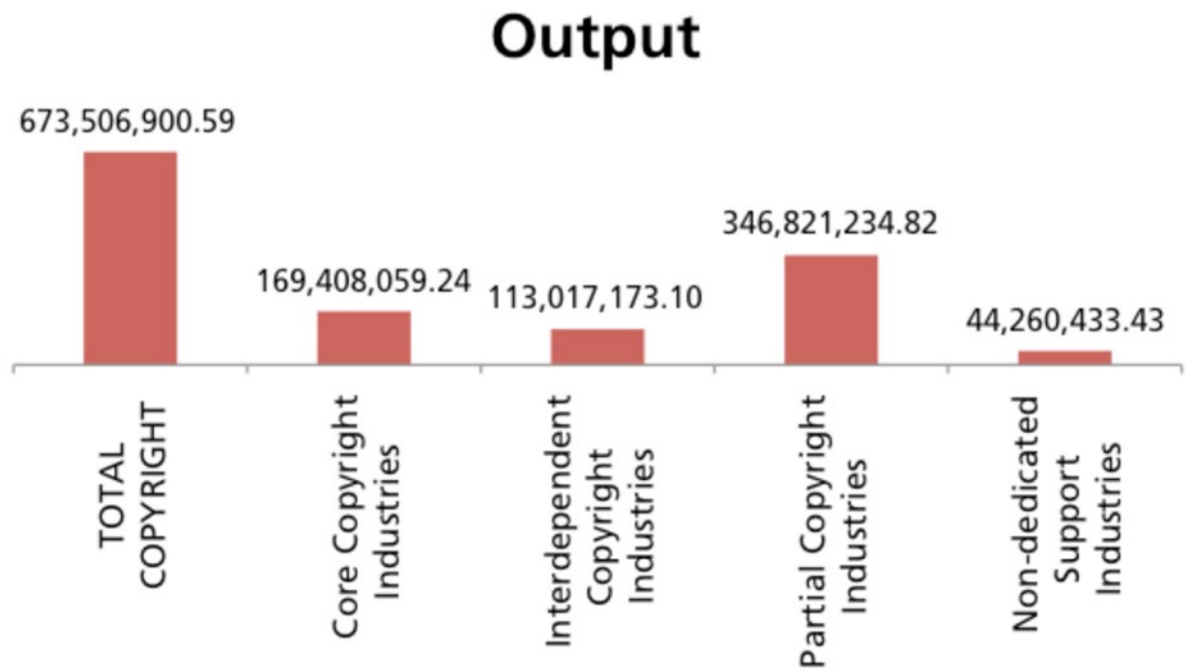


Chart 7-38: Contribution of Copyright Industries in terms of Value Added

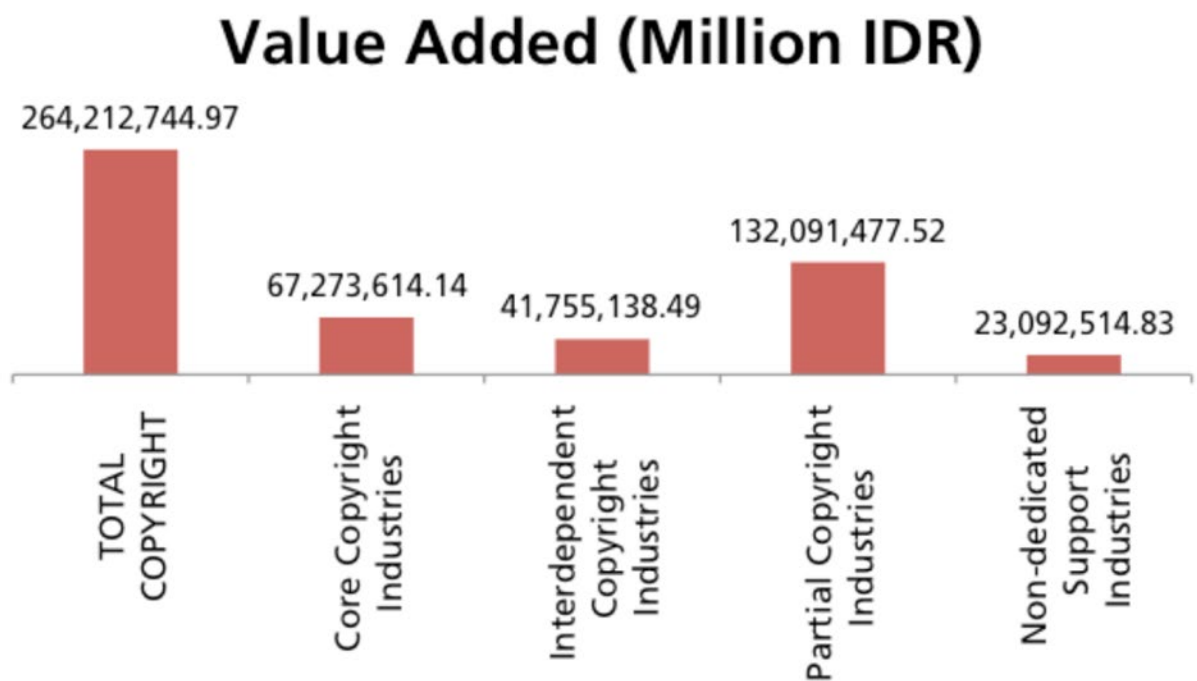
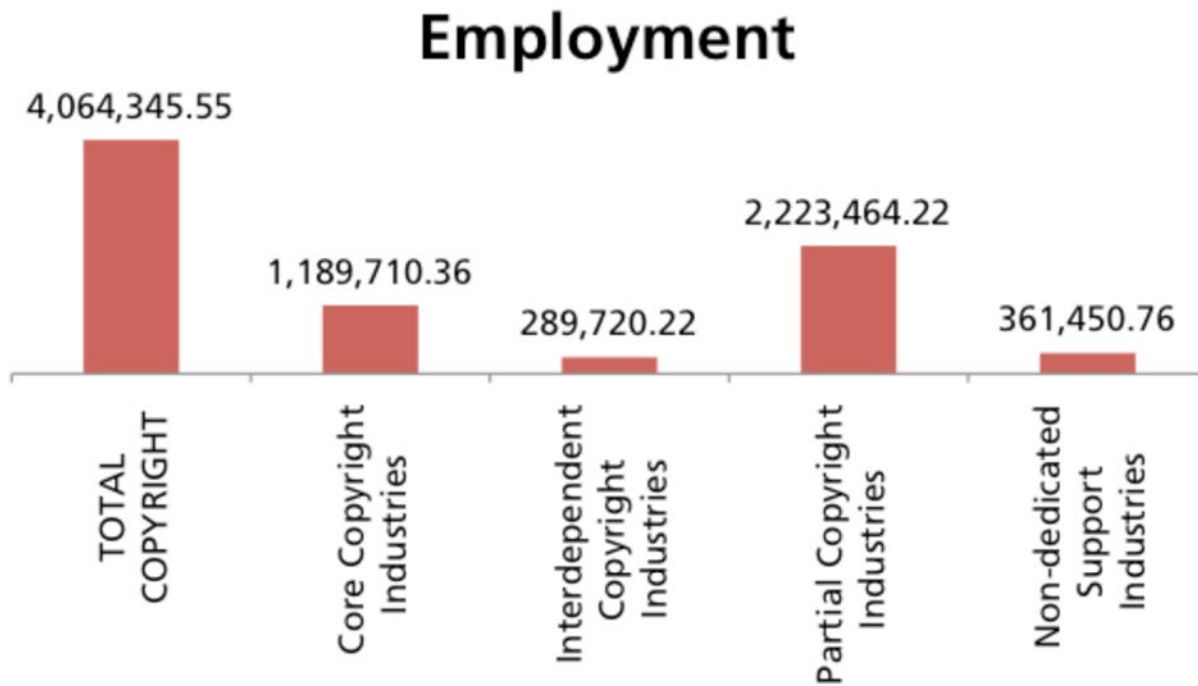


Chart 7-39: Contribution of Copyright Industries in terms of Employment



The contributions of copyright industries to total national output, value added and employment, in percentages (%), are shown in Table 7-14 and Charts 7-40 to 7-42. The total contributions of all the copyright industries were 4.2% (to national output), 4.11% (to national value added) and 3.75% (to national employment). The partial copyright industries category was the biggest contributor in three of the parameters. In terms of output, partial copyright industries were the biggest contributors (2.16%), followed by core copyright industries (1.06%), interdependent copyright (0.70%) and non-dedicated support industries (0.28%). In terms of value added, partial copyright industries were also the biggest contributors (2.06%), followed by the core copyright (1.05%), interdependent copyright (0.65%) and non-dedicated support industries (0.36%). However, in terms of employment, the ranking was slightly different, being partial copyright first, followed by core copyright, non-dedicated support industries and interdependent copyright industries, with contributions of 2.0537%; 1.10%; and 0.334%, and 0.268% respectively.

Table 7-14: Contribution of Copyright Industries (%)

Code	Description of Industry	Output	Value Added	Employment
	TOTAL COPYRIGHT	4.20%	4.11%	3.75%
1	Core Copyright Industries	1.06%	1.05%	1.10%
2	Interdependent Copyright Industries	0.70%	0.65%	0.2676%
3	Partial Copyright Industries	2.16%	2.06%	2.0537%
4	Non-dedicated Support Industries	0.28%	0.36%	0.3339%

Chart 7-40: Contribution of Copyright Industries to Output, by Category

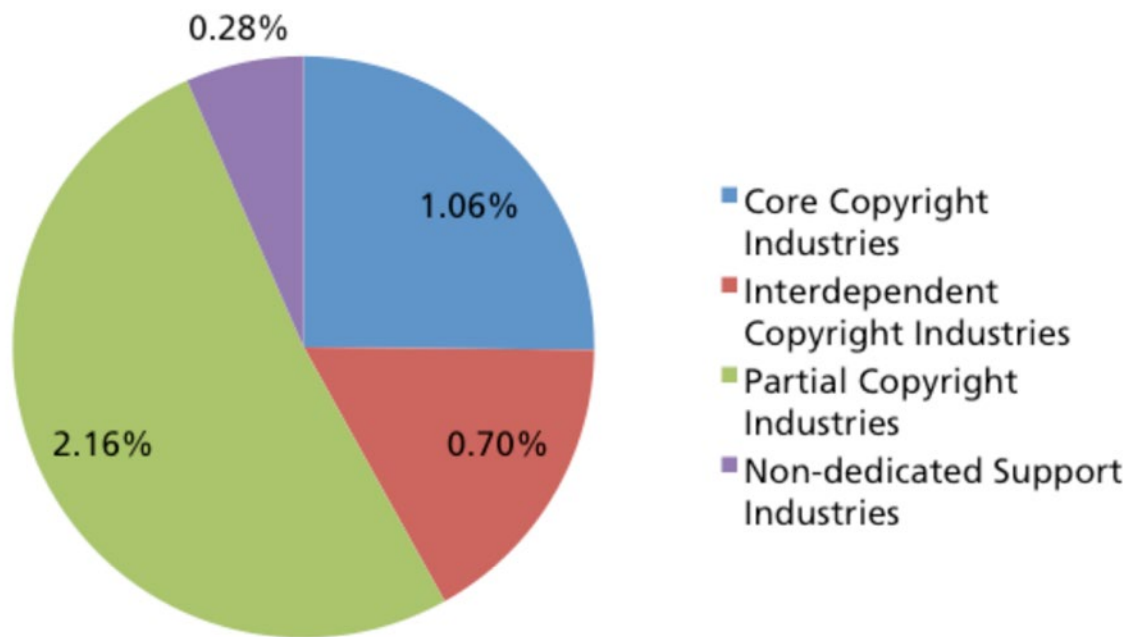


Chart 7-41: Contribution of Copyright Industries to Value Added, by Category

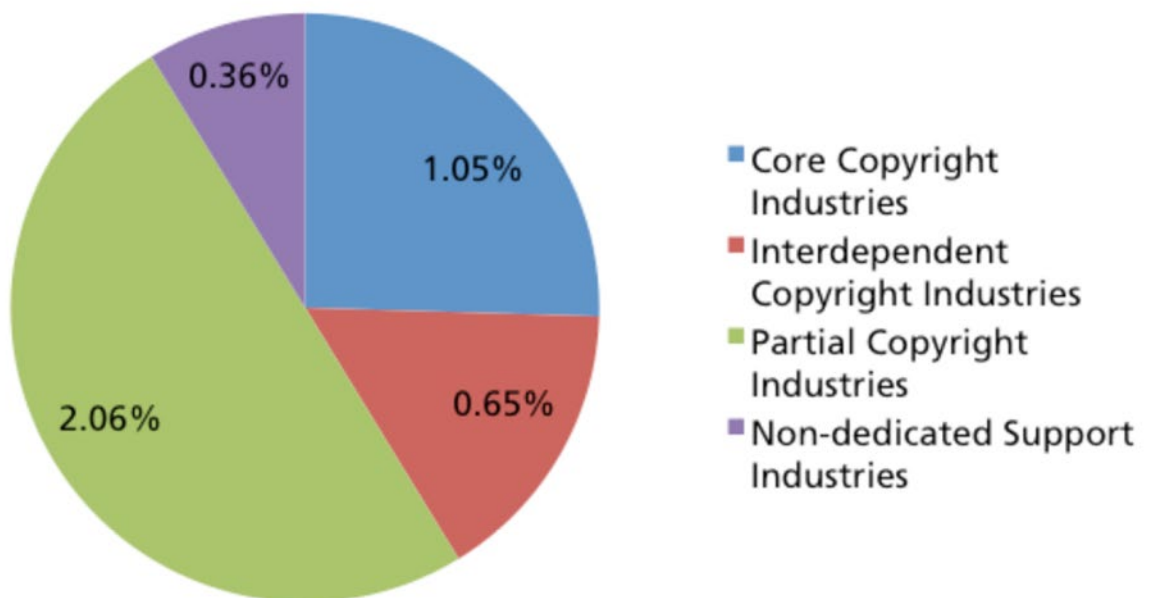


Chart 7-42: Contribution of Copyright Industries to Employment, by Category

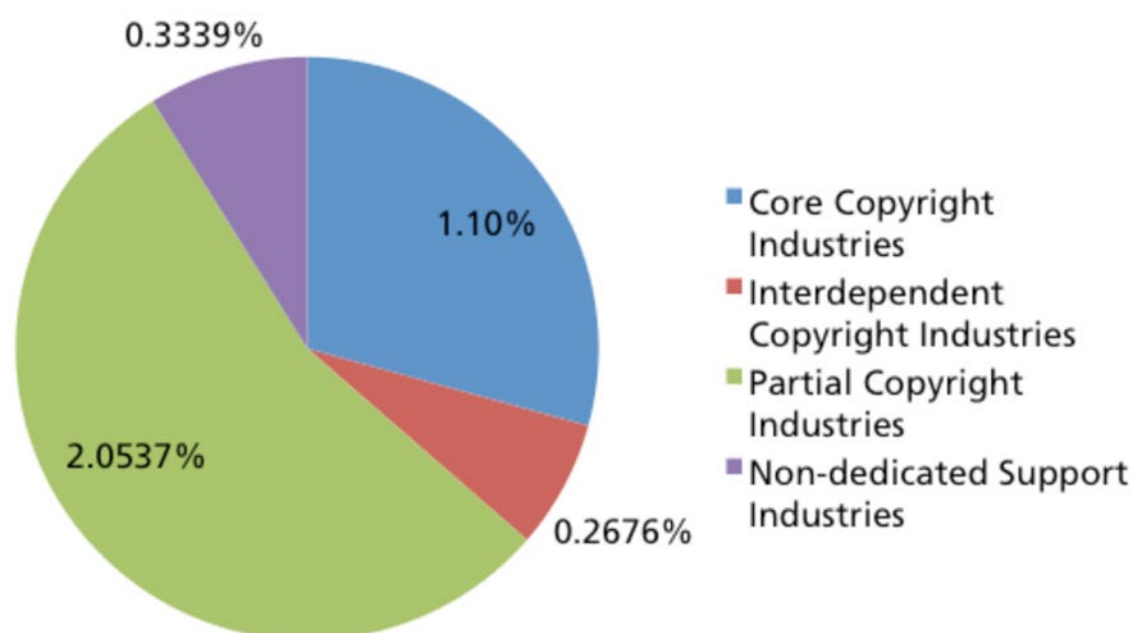


Table 7-15 and Charts 7-43 to 7-45 depict the relative contribution of each copyright industry category to the total of copyright industries, which again shows that partial copyright was the biggest contributor, in terms of output, value added and employment. As already discussed earlier, the rankings were slightly different in terms of value added and employment.

Table 7-15: Relative Contribution of Each Copyright Industry Category to Total Copyright Industries

Code	Description of Category	Output	Value Added	Employment
	TOTAL COPYRIGHT	100.00%	100.00%	100.00%
1	Core Copyright Industries	25.15%	25.46%	29.27%
2	Interdependent Copyright Industries	16.78%	15.80%	7.13%
3	Partial Copyright Industries	51.49%	49.99%	54.71%
4	Non-dedicated Support Industries	6.57%	8.74%	8.89%

Chart 7-43: Relative Contribution of Each Copyright Industry Category to Total Copyright Industries in terms of Output

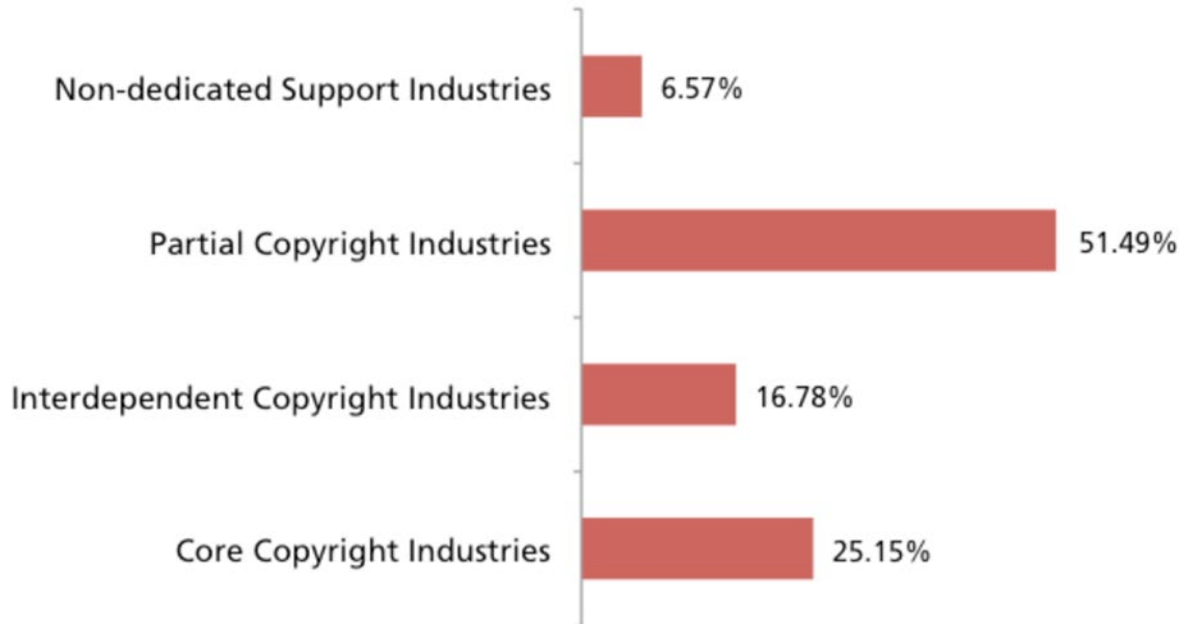


Chart 7-44: Relative Contribution of Each Copyright Industry Category to Total Copyright Industries in terms of Value Added

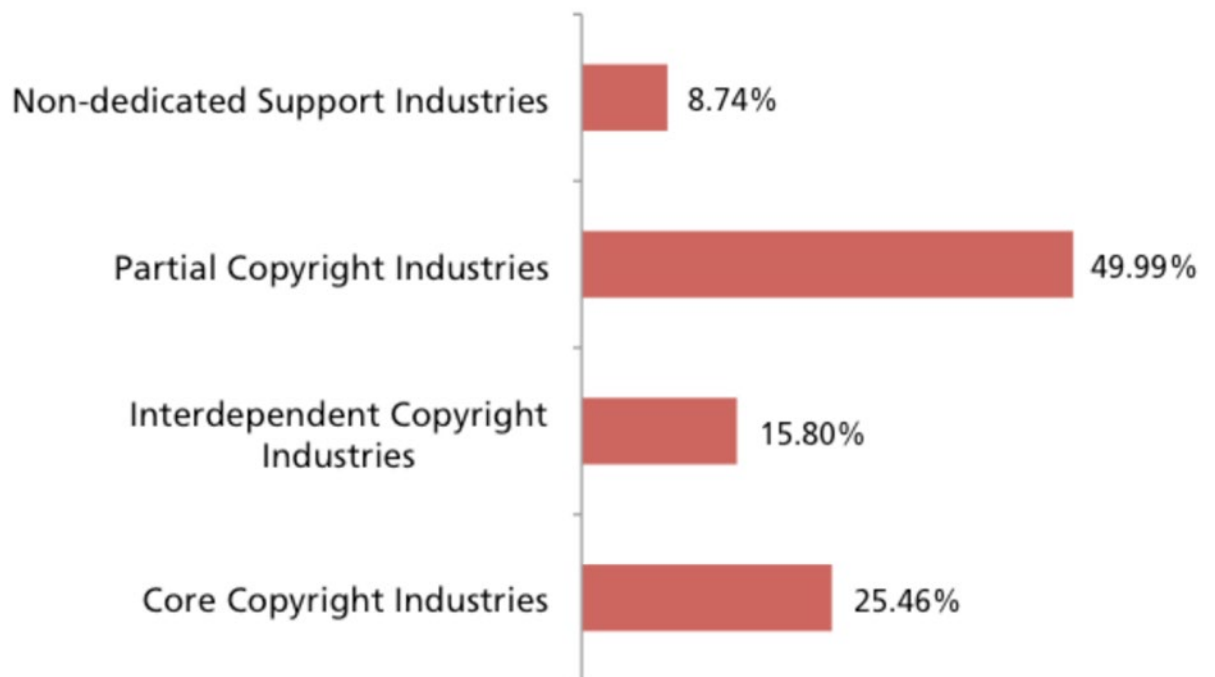
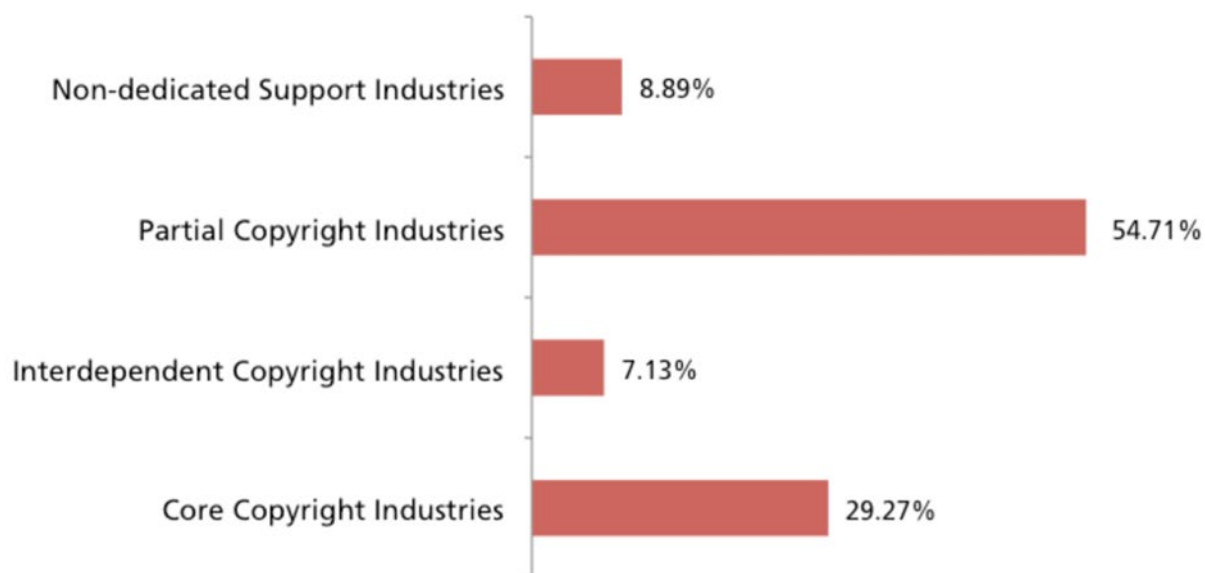


Chart 7-45: Relative Contribution of Each Copyright Industry Category to Total Copyright Industries in terms of Employment



7.6 Copyright Factors

Table 7-16 presents the copyright factors applied to the interdependent copyright industries and the partial copyright industries. As mentioned earlier in the method section, in the four groups of copyright industries, only the core copyright industries have 100% of their activities included. The contribution of copyright and related rights of the interdependent, partial and non-dedicated support groups are adjusted with the 'copyright factor' corresponding to their degree of dependence on copyright and related rights.

The copyright factors for the partial copyright and interdependent copyright industries were estimated using proxies of those copyright factors for Singapore, Thailand, and Malaysia, which are neighbor countries of Indonesia. These countries are presumed to have many similarities with Indonesia and share similar characteristics in terms of copyright and related rights industries. Copyright factors for the interdependent and partial copyright industries were also formulated based on the survey conducted on copyright industries.

The copyright factor for the non-dedicated support industries was derived from the methodology suggested in the WIPO Guide.

Table 7-16: Copyright Factors (2010)

No.	Interdependent Copyright Industries	Copyright Factor
1	TV Sets, radios, VCRs, CDs, and DVD players	45%
2	Computers and equipment	40%
3	Musical instruments	30%
4	Photographic and cinematographic instruments	25%
5	Photocopiers	20%
6	Blank recording materials	20%
7	Paper	19%
No.	Partial Copyright Industries	Copyright Factor
1	Apparel, textiles, and footwear	35%
2	Jewelry and coins	20%
3	Other crafts	50%
4	Furniture	35%
5	Household goods, china, and glass	2.5%
6	Wallcoverings and carpets	3.00%
7	Toys and games	36.23%
8	Architecture, engineering, and surveying	25.0%
9	Interior design	20.0%
10	Museums*	8%
11	Handicrafts**	80%
No.	Non-dedicated Support Industries	Copyright Factor
1	General wholesale and retail	3.30%
2	General transportation	3.30%
3	Telephony and internet	3.30%

Table 7-17 below shows the contribution of each of the sectors in the copyright-based industries and specifies the figures before factoring, the copyright factors, and the results after factoring.

Table 7-17: Economic Values of Copyright-Based Industry in Terms of Output, Value added, and Employment

(In Million IDR and Number of People)

Code	Description of Industry	Output	Factor	Output (million IDR) after factoring	Value Added (Million IDR)	Factor	Value Added (million IDR) after factoring	Employment	Factor	Employment (after factoring)
	I. Core Copyright	169,408,059		169,408,059	67,273,614		67,273,614	1,189,710		1,189,710
1.1	1. Press and Literature	61,876,077	100%	61,876,077	23,675,781	100%	23,675,781	619,158	100%	619,158
1.2	2. Music, Theatrical Productions, Operas	5,919,114	100%	5,919,114	2,391,239	100%	2,391,239	58,006	100%	58,006
1.3	3. Motion Picture and Video	5,350,445	100%	5,350,445	2,047,426	100%	2,047,426	29,735	100%	29,735
1.4	4. Radio and Television	66,978,943	100%	66,978,943	27,720,430	100%	27,720,430	313,711	100%	313,711
1.5	5. Photography	10,625,622	100%	10,625,622	4,102,239	100%	4,102,239	80,130	100%	80,130
1.6	6. Software and Databases	5,859,473	100%	5,859,473	2,237,813	100%	2,237,813	39,098	100%	39,098
1.7	7. Visual and Graphic Arts	2,002,116	100%	2,002,116	814,290	100%	814,290	22,385	100%	22,385
1.8	8. Advertising Services	10,783,267	100%	10,783,267	4,280,395	100%	4,280,395	27,207	100%	27,207
1.9	9. Copyright Collecting Societies	13,000	100%	13,000	4,000	100%	4,000	280	100%	280
	II. Interdependent Industries	416,111,824		113,017,173	39,644,590		41,755,138	289,720		289,720
2.1	1. TV sets, Radios, VCRs, CD Players, DVD Players, Cassette Players, Electronic	121,731,201	45%	54,779,040	16,208,276	40%	20,017,221	53,137	40%	94,230
2.2	2. Computers and Equipment	3,823,812	40%	1,529,525	767,499	40%	1,072,580	1,127	40%	1,978
2.3	3. Musical Instruments	10,015,042	30%	3,004,512	791,834	25%	995,731	22,565	25%	29,335
2.4	4. Photographic and Cinematographic Instrument	5,913,873	25%	1,478,468	241,875	25%	329,353	18,246	25%	28,774
2.5	5. Photocopiers	29,283	20%	5,857	2,293	20%	2,798	536	20%	775
2.6	6. Blank Recording Material	4,603,403	20%	920,681	192,928	20%	195,211	1,993	20%	1,723
2.7	7. Paper	269,995,211	19%	51,299,090	21,439,885	15%	19,142,244	161,098	15%	132,906
	III. Partial Copyright Industries	789,415,107		346,821,235	78,743,375		132,091,478	3,838,436		2,223,464
3.1	1. Apparel, textiles, and footwear	370,411,908	35%	129,644,168	53,755,786	15%	46,364,365	1,687,658	15%	531,612
3.2	2. Jewelry and coins	14,213,317	20%	2,842,663	1,036,566	18%	716,395	139,014	18%	37,047
3.3	3. Other crafts	12,527,542	50%	6,263,771	1,190,446	35%	2,416,605	1,194,384	35%	501,641

Table 17: Economic Values of Copyright-Based Industry in Terms of Output, Value added, and Employment (continued)

3.4	4. Furniture	173,096,052	35%	60,583,618	12,300,886	35%	24,109,737	679,658	35%	451,973
3.5	5. Household goods, china, and glass	2,175,543	2.5%	54,389	1,019,446	0.5%	22,183	18,247	0.5%	199
3.6	6. Wallcoverings and carpets	1,613,445	3.00%	48,403	100,873	1.29%	6,230	11,862	1.29%	351
3.7	7. Toys and games	10,066,698	36.23%	3,647,500	1,040,665	36.23%	1,809,925	30,379	36.23%	13,209
3.8	8. Architecture, engineering, surveying	22,144,940	25.0%	5,536,235	5,474,171	14.5%	4,532,723	20,989	14.5%	8,232
3.9	9. Interior design	11,356,426	20.0%	2,271,285	2,476,939	14.5%	1,943,010	42,602	14.5%	22,279
3.10	10. Museums	2,098,102	8%	160,295	347,597	8%	106,225	13,643	8%	2,710
2.80	10. Handicraft Industry	169,711,133	80%	135,768,907	9,933,349	80%	50,064,079	629,049	80%	654,211
	IV. Non-Dedicated Support Industries	1,341,225,255		44,260,433	726,318,070		23,092,515	10,953,053		361,451
4.1	1. General wholesale and retailing	149,737,960	3.30%	4,941,353	110,458,781	3.30%	3,599,358	1,777,021	3.30%	58,642
4.2	2. General transportation	957,364,503	3.30%	31,593,029	379,863,297	3.30%	12,518,659	7,729,488	3.30%	255,073
4.3	3. Telephony and internet	234,122,793	3.30%	7,726,052	235,995,993	3.30%	6,974,498	1,446,544	3.30%	47,736
	TOTAL	2,716,160,246		673,506,901	911,979,649		264,212,745	16,239,902		4,064,346

8. RELATED STUDY ON CREATIVE SECTORS IN INDONESIA AND CONTRIBUTION TO NATIONAL ECONOMY

Copyright industries which include the production of literary, scientific, and artistic products are closely related with the creative industries. The Department of Trade and Industry (now the Ministry of Trade) of the Republic of Indonesia has regarded the creative industries as an inseparable part of the creative economy, that is to say an economy which focuses on the creation of products and services requiring skills, talent, and creativity (Departemen Perdagangan dan Perindustrian Republik Indonesia, 2008). The Ministry of Trade defines the creative industries as the ones which produce, or involve activities related to:

1. advertising products;
2. architecture products;
3. trading of art products;
4. crafts;
5. design;
6. fashion;
7. video, film, and photography;
8. interactive games;
9. music;
10. performing arts;
11. printing and publishing;
12. computer services and software;
13. television and radio;
14. research and development

(Note: in 2012, culinary activity was incorporated as the 15th sector of the creative industries)

The study conducted by the Ministry (2010) also calculated the economic contribution of the fourteen sectors of the creative industries to GDP, employment, number of companies, exports, and to other sectors. The study did not specify its methodology, but did mention that the calculation of size and contribution of the industries was based on data from the Central Bureau of Statistics' (Biro Pusat Statistik/BPS). An interview conducted by the author with one of the researchers of the study revealed that some judgments were employed to approximate some data which were not directly available and recorded by BPS.

Unlike the WIPO methodology, where the copyright industry is divided into the four layers of core copyright, interdependent copyright, partial copyright and non-dedicated support industries, the methodology adopted for calculating the economic contribution of creative sectors includes all the categories at the same level. That is, 100% of the size of the industry and its backward and forward linkage are incorporated.

The study shows that in 2010, the creative industries contributed IDR 468,103 billion to Indonesia's GDP or 7.74% to GDP. In terms of employment, for the same period the creative industries absorbed 8.553 million workers or 7.76% of national total employment (see Table 8-1).

Table 8-1: Estimates of Creative Industries' Economic Contribution (2010)

		Contribution
1	Value Added (billion)	468,103
2	Employment	7,602
3	Contribution to Value Added (%)	7.29%
4	Contribution to Employment	7.76%

Source: Ministry of Trade (2011)

If we compare the contributions of each sector in the economy, in the relative contributions of the sectors to GDP, manufacturing is the biggest contributor, followed by the agricultural sector, trade, hotel, and restaurant, mining, and construction (see Table 8-2).

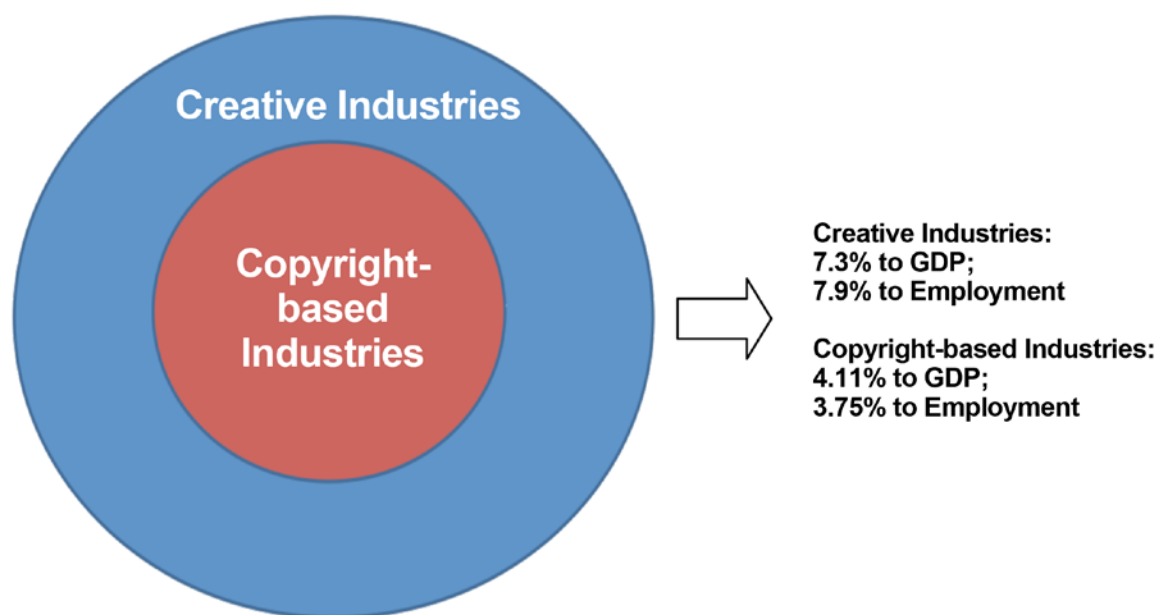
Table 8-2: GDP Per Sector (Nominal) (2010)

No	Sector in the Economy	Contribution	
		Absolute	Relative
1	Manufacturing	1,402,088	21.8%
2	Agriculture, Livestock, Forestry, and Fishery	979,733	15.3%
3	Trade, Hotel, and Restaurant	747,752	11.6%
4	Mining and Excavation	708,397	11.0%
5	Construction	635,967	9.9%
6	Social Services	625,657	9.7%
7	Transport and Communication	406,878	6.3%
8	Finance, Real Estate and Company Services	395,604	6.2%
9	Electricity, Gas and Water	51,820	0.8%
10	Creative Industries	468,103	7.3%

Source: Ministry of Trade (2011)

According to the definition of the creative industries in Indonesia and also the methodology applied to calculate their economic contribution, the copyright-based industries of the present study would be part of the creative industries. Part of the 7.3% of the creative industries' contribution to GDP is the 4.11% contributed by the copyright-based industries. Similarly, the 7.9% contribution of creative industries to employment includes the 3.75% contribution of copyright industries. Figure 8-1 below shows the positioning of copyright-based industries *vis-à-vis* creative industries.

Figure 8-1: Positioning of Copyright-based Industries vis-à-vis Creative Industries



9. SOME INDICATORS OF THE DEVELOPMENT OF COPYRIGHT-BASED INDUSTRIES IN INDONESIA

The growth of the copyright-based industries in Indonesia is also demonstrated by several indicators, as discussed below. These data show the rapid growth of some industries which are examples of some of the copyright-based industries in Indonesia.

9.1 Movie Industry

The movie industry in Indonesia shows significant growth in terms of type of business in the industry (see Table 9-1). In terms of production, the number of companies has more than doubled, while other sectors such as technical services, distribution, and performance have also grown significantly.

This development is mostly supported by an increased number of TV movies, and especially TV serials being produced (see Table 9-2) and national production of feature films (see Chart 9-1). Statistics on movie production in Indonesia have particularly described the revitalization of national movie production. In 2002 there were only 9 movies produced, but in 2012, there were more than 80 movies produced by Indonesian movie production companies. This is also shown by the statistics of nationally produced movies versus imported foreign movies (see Table 9-3), in which the national movie-imported foreign movie ratio has improved from year to year.

Such a development is also supported by the increased number of cinemas and screens in Indonesia (see Chart 9-2): in 2011 the number of screens was 170% higher than that in 2005.

Table 9-1: Development of Movie Industry

No	Type of Business/ Industry	TOTAL PER YEAR					
		2007	2008	2009	2010	2011	2012*
1	Production	784	1.072	1.237	1.433	1.632	1650
2	Technical Services	17	17	19	19	22	22
3	Distribution	38	49	58	65	67	67
4	Performance	10	22	24	25	25	25
5	Sales & Rental	n.a	n.a	n.a	n.a	n.a	n.a
6	Archiving	n.a	n.a	n.a	n.a	n.a	n.a
7	Export Company	1	1	1	1	1	1
8	Import Company	50	56	57	59	69	69

Source: Ministry of Tourism and Creative Economy (2012)

Note: * estimated figure

Table 9-2: Television Stand-Alone Movies and TV Serials Production

Year	Stand-alone	TV Serials	
		Title	Episodes
2007	1,893	234	3,554
2008	1,038	441	6,969
2009	1,082	458	7,482
2010	738	265	6,997
2011	889	269	7,093

Source: Ministry of Tourism and Creative Economy (2012)

Chart 9-1: National Movie Production (Ministry of Tourism and Creative Economy, 2012)

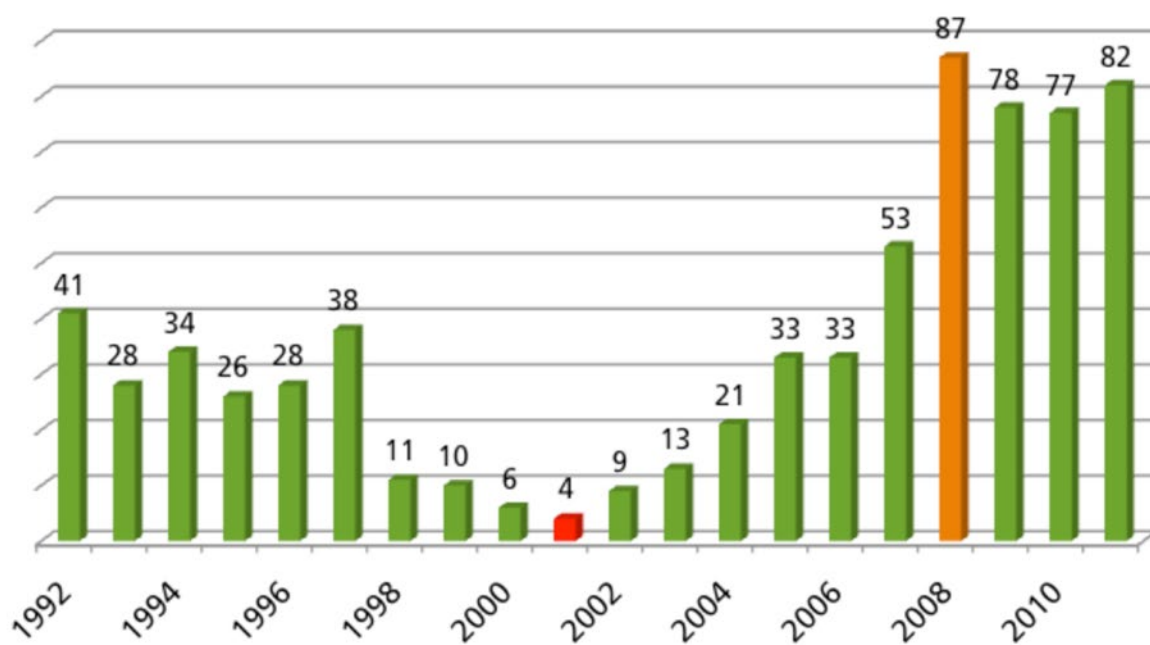
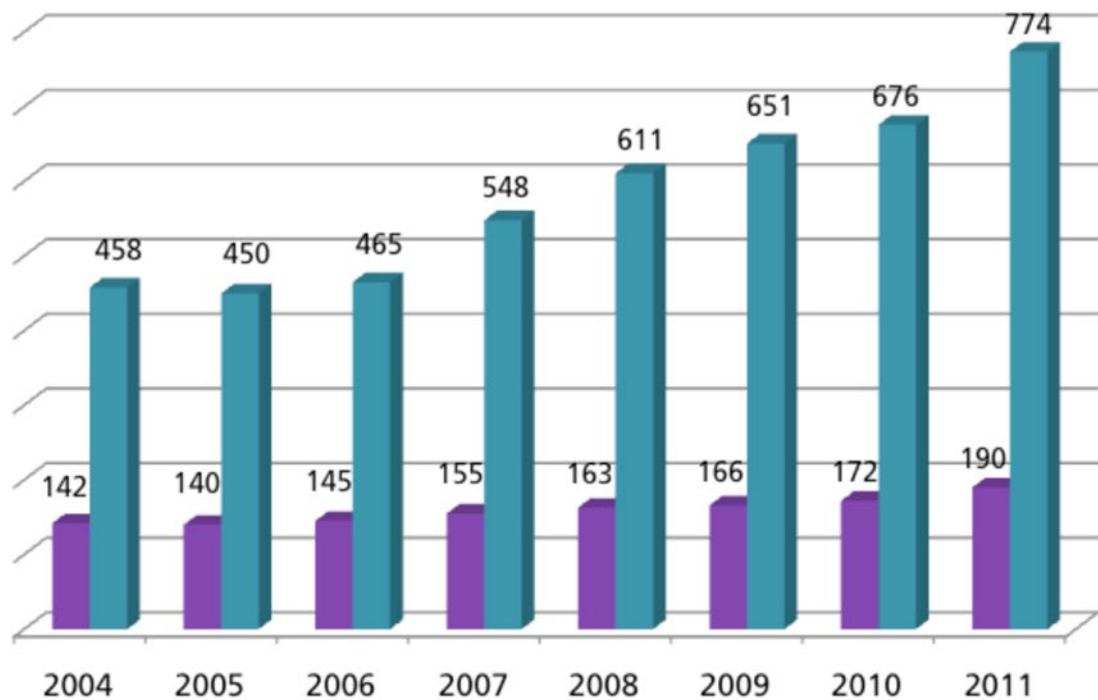


Table 9-3: Nationally Produced Movies vs. Imported Foreign Movies

Year	Number of National Movies	Number of Imported Foreign Movies	Ratio
1999	10	210	1 : 21
2000	6	214	1 : 36
2001	4	214	1 : 53
2002	9	269	1 : 29
2003	12	227	1 : 19
2004	21	201	1 : 10
2005	33	201	1 : 6
2006	33	165	1 : 5
2007	53	296	1 : 5
2008	87	185	1 : 2
2009	78	204	1 : 2
2010	77	140	1 : 2
2011	82	168	1 : 2
2012	96	24	1 : 2
Total	521	2.559	1 : 5

Source: Ministry of Tourism and Creative Economy (2012)

Chart 9-2: Number of Cinemas and Screens (Ministry of Tourism and Creative Economy, 2012)



There are major players in the film industry in Indonesia. Most of these companies are nationally based companies and produce both feature films and television movies (or the so-called electronic cinema). The major players in the Indonesian film industry are shown in Table 9-4 below.

Table 9-4: Major Players in the Indonesian Film/TV Programs Industry

No.	Name of Company	Location
1	Revo Films	Jakarta
2	PT Hadi Cinema Putra	Jakarta
3	MD Entertainment	Jakarta
4	Net Films	Jakarta
5	Sinemart & Lenza Film	Jakarta
6	Rapi Films	Jakarta
7	Avicom	Jakarta
8	Bola Dunia	Jakarta
9	Diwangkara Citra Suara/Elang Perkasa Film	Jakarta
10	Indika Era Mandiri	Jakarta
11	Intercine Film	Jakarta
12	Karnos Film	Jakarta
13	Lenza Film	Jakarta
14	MD Production	Jakarta
15	Miles Production	Jakarta
16	Millennium Visitama Film	Jakarta
17	Multivision Plus	Jakarta
18	Rapi Film	Jakarta
19	Pearson Tv	Jakarta
20	Persari Film	Jakarta
21	Prima Entertainment	Jakarta
22	Sinemart	Jakarta
23	Soraya Intercine Film	Jakarta
24	PT GMM Films Indonesia	Jakarta
24	PT Visi Lintas Film	Jakarta
26	Karno's Film	Jakarta
27	Jelita Visindo	Jakarta
28	PT Genta Buana Paramita	Jakarta
29	PT Shandhika Widya Cinema	Jakarta

Source: Ministry of Tourism and Creative Economy (2011)

9.2 Advertising Services

The size and growth of the advertising services industry in Indonesia can be estimated based on the magnitude of advertising expenditure. Nielsen (2012) recorded a consistent positive growth of advertising expenditure for the period of 2006-2012. The research company even projected higher estimates of growth for the year 2013 (see Table 9-5 and Chart 9-3).

Table 9-5: Advertising Expenditure in Indonesia

Year	Expenditure (Trillion IDR)	Growth
2006	28.9	
2007	33.9	17.5%
2008	40.5	19.5%
2009	47.2	16.5%
2010	58.3	23.4%
2011	73	21.7%
2012	90	23.0%
2013*	113	14.0%

Source: Nielsen (2013)
* = estimated

Chart 9-3: Advertising Expenditure in Indonesia (source: Nielsen, 2013)



Table 9-6 shows the 10 biggest advertising agencies in Indonesia. These companies are mostly subsidiaries of global advertising agencies; this represents the advertising activity in Indonesia where the major players are global companies or their affiliates. Also, while there are also local advertising agencies in other big cities in Indonesia, such as Bandung, Yogyakarta, Surabaya, and Medan, the major players are located in Jakarta.

Table 9-6: Ten Biggest Advertising Agencies in Indonesia (2005)

No.	Company	Location of Headquarter
1.	Ammirati Puri Lintas	Jakarta
2.	AdForce/JWT, Jakarta	Jakarta
3.	P.T. Indo-Ad (O&M), Jakarta	Jakarta
4.	Inter Admark (Dentsu), Jakarta	Jakarta
5.	Perwanal/DMB&B, Jakarta	Jakarta
6.	Kreasindo Advertising (Burnett), Jakarta	Jakarta
7.	Grafik/McCann-Erickson, Jakarta	Jakarta
8.	Rama & Grey, Jakarta	Jakarta
9.	Metro Advertising, Jakarta	Jakarta
10.	PT Adriwara Krida Euro RSCG), Jakarta	Jakarta

9.3 Software Industry

The software industry in Indonesia has grown significantly. Data from the Indonesia Developer Community (IDC) show that in 2006, there were 250 independent software vendors (ISV): this number was projected to grow to 500 ISV in five years. The number of professional developers grew from 56,500 (in 2006) to 71,600 (in 2008). Indonesia is also experiencing a growing developer community: there are at least 200 communities, forums, and mailing lists, which are also involved in big-scale projects, such developing systems for e-government and e-learning.

Further, the IDC states that as of 2009, Indonesia's IT sector will be dominated by IT Services. The development of this specific sector provides 81,000 jobs and will stimulate the growth of 1,100 new IT companies. The sector will also contribute USD 1.1 billion in tax, USD 12 billion to GDP. It is also estimated that software spending will increase up to 11.4% of total IT spending. Also, 29.9% of IT workers in Indonesia will be involved in development, distribution, and implementation services of software (<http://ilmukomputer.org/2012/05/31/masih-tentang-industri-software-lokal>).

9.4 Publishing Industry

The Indonesia Association of Publishing Companies (IKAPI) is the publishers' organization in Indonesia, which has approximately 650 member companies. It notes that there are approximately 15,000-25,000 book titles published in Indonesia every year. About 3,000-4,000 units of each title are printed. If we compare the figures with those of Malaysia (16,000 titles), China (189,295 titles), India (60,000), and Japan (40,000), Indonesia records the lowest number of titles per capita (<http://edukasi.kompas.com/read/2012/06/29/09215014>).

The publishing companies in Indonesia have faced serious challenges, which include structural problems, socio-cultural problems and technology development. In terms of structural challenges, the publishing industry faces the problem of the long chain from production to consumption of books, which results in the high price of books in Indonesia. The low per capita consumption of books in Indonesia also results from the undeveloped reading habit of Indonesian people. Further, the publishing industry in Indonesia also suffers from technological advancement, as Indonesians have started to switch their reading from conventional books to electronic versions.

9.5 Music Industry

The Association of the Recording Industry in Indonesia (ASIRI) notes that the 'golden period' of the music industry in Indonesia occurred in the 1990s. In this period, compared to the other Southeast Asian nations, Indonesia scored the highest recorded music retail sales, of USD 290 millions. To put this into perspective, the figures of the Philippines, Singapore, Malaysia and Thailand were only 16%, 31%, 50%, and 65% (respectively) of the Indonesian figure.

However, piracy has posed a serious threat to the music industry in Indonesia. In 2007, ASIRI stated that illegal or pirated music sales in Indonesia had reached 95.7%; and according to bengkelmusik.com, in 2008 the piracy level reached 85%. The piracy level of physical albums also reached 550 million items in 2008 (from 'only' 20 millions in 1996). In 2008, ASIRI recorded sales of only 10 million cassettes and CDs and the figure keeps decreasing about 10-15% every year (<http://justtellsomething.blogspot.com/2012/10/label-rekaman-nasional-uas-industri.html#!/2012/10/label-rekaman-nasional-uas-industri.html>). The number of members of ASIRI has now also decreased from 240 to 76. Even out of the 76 members, only 12-15% are currently actively operating their business.

The music industry in Indonesia has been somewhat saved by the sales of Ring Back Tones (RBT), following the massive growth of mobile communications in Indonesia. Nagaswara, one of the biggest music labels in Indonesia, recorded an annual income of IDR 20 billion in 2009, of which 90% came from RBT (*Rolling Stone Indonesia*, Maret 2010, as quoted in <http://www.widiasmoro.com/2012>).

9.6 Handicraft Industry

The handicraft industry is noted as the biggest contributor to the copyright-based industries in Indonesia. Handicraft exports in 2012 reached USD 696.1 million, which showed a 13.3 % increase compared to 2010's exports of USD 614.3 million. Handicraft export of USD 284.6 million showed a 1.55% increase compared to previous year. The main export destinations in 2012 were the United States (USD 301.6 millions); Japan (USD 81.7 millions); the UK (USD 35 millions); Germany (USD 25.7 millions); Australia (USD 23.5 millions); and the Netherlands (USD 21.8 millions) (<http://www.kemendag.go.id/files/pdf/2013/08/19>). The biggest portion of the handicraft industries come from wood-based handicrafts, which include furniture and decorative items.

The handicraft industry has a growing number of companies, as shown in Table 9-7. The large number of handicraft companies in Indonesia shows that the players of the industry mainly consist of SMEs. The statistics cannot even record the actual figures of all the companies in the industry, since so many of them are very small (or micro) companies.

Table 9-7: Number of Companies in the Handicraft Industry

No.		2005	2006	2007	2008	2009	2010
1.	No of companies (in thousands)	897	906	1,007	1,070	1,144	1,197
2.	Growth (%)		0.93	11.16	6.25	6.94	4.62

Source: Ministry of Trade (2011)

10. INTERNATIONAL COMPARISONS

For the purpose of providing some international comparison, a total of 15 countries have been selected for comparative analysis based on data availability. While all countries have referred to the WIPO methodology, the definitions and approaches applied in these countries were different in several respects. The reports were also not published in the same year. Nonetheless, the data provide useful perspectives in comparing the significance of copyright-based industries in their respective economies.

The US records the biggest contribution of the total copyright industries to its economy, in terms of both value added (11.05%) and employment (8.51%). Australia also has a significant contribution from its copyright industries (10.3% and 8% to national value added and employment, respectively). In the Asian region, Korea and China record copyright-based industries of a significant size.

If we compare the economic contributions of copyright industries in Indonesia with those of other countries, generally Indonesia's figures are lower. In terms of value added and employment, the total contributions of copyright industries in Indonesia were recorded as 4.20% and 4.11% respectively. These are still lower than the ASEAN counterparts of Malaysia and the Philippines (see Table 10-1). This is perhaps because of the size of the overall Indonesian economy, which is the biggest amongst ASEAN countries (IMF, 2010).

Table 10-1: The Contribution of Total Copyright and Core Copyright Industries to Value Added

Country	Year of Publication	Contribution of Total Copyright Industry to Value Added	Contribution of Core Copyright Industry to Value Added
US	2009	11.05	6.44
Australia	2009	10.3	7.3
Korea	2012	9.89	3.51
Hungary	2010	6.66	3.96
China	2009	6.37	3.06
Panama	2009	6.35	5.4
Brunei	2011	1.58	0.7
Peru	2009	2.67	1.23
Ukraine	2008	2.85	1.54
Colombia	2008	3.3	1.9
South Africa	2011	4.11	2.05
Croatia	2007	4.27	2.99
Malaysia	2008	5.7	2.9
Philippines	2006	4.82	3.5
Indonesia	2014	4.11	1.05

Source: WIPO

Table 10-2: The Contribution of Total Copyright and Core Copyright Industries to Employment

Country	Year of Publication	Contribution of Total Copyright-based Industry to Employment	Contribution of Core Copyright to Employment
Philippines	2006	11.1	8.81
Mexico	2006	11.01	3.41
Bhutan	2011	10.09	1.03
Netherlands	2009	8.8	6.2
US	2009	8.51	4.05
Australia	2009	8	4.97
Russia	2007	7.3	4.29
Ukraine	2008	1.9	1.16
Jamaica	2007	3.13	1.79
Panama	2009	3.17	1.52
Brunei	2011	3.2	1.5
Kenya	2009	3.26	1.2
Pakistan	2009	3.71	0.7
Korea	2012	6.24	2.85
Malaysia	2008	7.5	4.7
Indonesia	2014	3.75	1.10

Source: WIPO

However, there is an interesting insight from the structure of copyright industries in Indonesia, where the contribution of the partial copyright industries is generally higher. Comparatively, this contribution is higher than those of Malaysia and the Philippines (see Table 10-3). If we refer to the previous section where we categorized the copyright industry, it can be noted that the partial copyright industries include the handicraft industry, whose size in terms both of value added and employment is particularly big.

Table 10-3: Comparative Contribution of Copyright Industries in Indonesia, Malaysia, and the Philippines

	Indonesia		Malaysia		The Philippines	
	To Value added	To Employment	To Value added	To Employment	To Value added	To Employment
Core Copyright Industries	1.05%	1.1%	2.9%	4.7%	3.54%	8.81%
Interdependent Copyright Industries	0.65%	0.27%	2.1%	1.6%	0.96%	1.4%
Partial Copyright Industries	2.06%	2.05%	0.6%	0.9%	0.04%	0.2%
Non-dedicated Support Industries	0.36%	0.36%	0.1%	0.2%	0.29%	0.6%

Source: WIPO and Primary Data

11. CONCLUSIONS AND RECOMMENDATIONS

This study has found that the copyright based industries in Indonesia make a significant contributor to the national economy. In 2010, the total contribution was 4.20% to output, 4.11% to value added and 3.75% to employment. Looking at the sub-categories in the copyright-based industries, the contribution is highest from the interdependent copyright industries. However, compared to other countries, the contribution of copyright industries in Indonesia is relatively smaller. This is because perhaps of the relatively bigger size of Indonesian GDP compared to those countries. There is also a possibility of underestimation since not of all of the micro, small, and medium enterprises (especially the micro ones) are recorded in the national statistics.

The present study is only a cross-sectional one, providing data of a single year. Further studies should be conducted in order to be able to assess the trends of the copyright-based industries in Indonesia. Perhaps the most important implication of this study is to build awareness of the economic importance of copyright-based industries, which should motivate the Indonesian government in crafting appropriate strategies in support of copyright-based industries through the establishment of an enabling environment infrastructure. The general public's awareness of the significance of the contribution of these industries to the national economy can also create greater motivation to consume genuine products rather than pirated copies.

The present study provides baseline information on the economic contribution of copyright-based industries in terms of output, value added, and employment, but has not calculated the contribution to foreign trade. Further studies should also include the other economic parameters, as well the social-cultural impacts of copyright-based industries in Indonesia.

Since the factors used in the present studies are only rough estimates, further studies should also conduct a comprehensive survey in order to be able to validate and determine more accurate copyright factors to be used in the Indonesian context. The present study can be used as a basis to build up a series of data on the economic contribution of copyright-based industries in Indonesia. Such a data series can become a solid basis for the government to formulate policies on development of these industries.

The Ministry of Trade should team up with the Statistics Bureau to gather a data base of industry-level data (based on their ISIC) to provide, on a regular basis, the specific disaggregated data to offer a more accurate estimation of the copyright-based industries in Indonesia.

Especially for the Indonesian context, the existence of an assessment of the economic contribution of the copyright-based industries can create some confusion with the assessment of the economic contribution of the creative industries. While both can become useful parameters for decision-makers, the present study's assessment of the economic contribution of copyright-based industries using the WIPO methodology is particularly insightful. This is due to the international comparisons which can be drawn from the similar studies conducted in many other countries.

The present study should be placed strategically in the center of the growing creative industries in Indonesia. Copyright protection is necessary for the prospective creators in the creative sectors, to encourage them to develop and later transfer their creation to their industry. As the government of Indonesia has put a focus on the development of the creative sectors, this study can help the government in designing appropriate strategies for the development and protection of copyright-based industries.

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Appendix 1 List of Copyright-based Industries

(Based on *Klasifikasi Baku Lapangan Usaha Indonesia* or ISIC – 2009)

Type of Copyright Industry	Main Groups of Industries	Subgroups			Code	Notes	
Core Copyright	1. Press and Literature	Printing and Reproduction of Recorded Media (18)	Printing and Services Activities related to Printing (181)	Printing (1811)	(18111)	General Printing covers: newspaper, book, magazines, journal, music, etc.	
					(18112)	Specific Printing (stamp, money, ticket, etc.)	
				Services Activities related to Printing (1812)	(18120)	Services Activities related to Printing (1812)	
		Publishing (58)	Publishing of Books, Magazines, and others (581)		Book Publishing (5811)	58110	Book Publishing
					Publishing of Directories and Mailing List (5812)	58120	Publishing of Directories and Mailing List
					Publishing of Newspapers, Journals and Periodicals (5813)	58130	Publishing of Newspapers, Journals and Periodicals
					Other publishing Activities (5819)	(58190)	Other publishing Activities

Type of Copyright Industry	Main Groups of Industries	Subgroups			Code	Notes	
Core Copyright (continued)	2. Music, Theatrical Productions, and Operas	Printing and Reproduction of Recorded Media (18)	Reproduction of Recorded Media (182)	Reproduction of Recorded Media (1820)	(18201)	Reproduction of Audio Recordings and Software	
		Motion Picture, Video and TV Programme Production, Sound Recording, and Music Publishing Activities (59)	Sound Recording and Music Publishing (592)	Sound Recording and Music Publishing (5920)	59201	Sound Recording	
		Creative, Arts, and Entertainment Activities (90)	Creative, Arts, and Entertainment Activities (900)	Creative, Arts, and Entertainment Activities (9000)	Creative, Arts, and Entertainment Activities (9000)	(90001)	Art Performance Activities
						(90002)	Arts Workers Activities
						(90003)	Other Entertainment Activities
	3. Motion Pictures and Video	Printing and Reproduction of Recorded Media (18)	Reproduction of Recorded Media (182)	Reproduction of Recorded Media (1820)	Reproduction of Film and Video Recording	(18202)	
		Motion Picture, Video and TV Program Production, Sound Recording, and Music Publishing Activities (59)	Motion Picture, Video and TV Programmed Production, (591)	Motion Picture, Video and TV Program Production, (5911)	(59111)	Motion Picture, Video and TV Program Production by Govt.,	
					(59112)	Motion Picture, Video and TV Program Production by Private	
		Creative, Arts, and Entertainment Activities (90)	Creative, Arts, and Entertainment Activities (900)	Creative, Arts, and Entertainment Activities (900)	Distribution Of Motion Picture, Video and TV Programs (5913)	(59131)	Distribution Of Motion Picture, Video and TV Programs by Govt.,
						(59132)	Distribution Of Motion Picture, Video and TV Programs by Private
			Motion Pictures Projection Activities (5914)	(59140)	Motion Pictures Projection Activities		
			Creative, Arts, and Entertainment Activities (900)	(90002)	Arts Workers Activities		

Type of Copyright Industry	Main Groups of Industries	Subgroups				Code	Notes	
Core Copyright (continued)	4. Radio and Television	Programming and Broadcasting Activities (60)	Radio Broadcasting (601)	Radio Broadcasting (6010)	Radio Broadcasting by Govt.	(60101)		
					Radio broadcasting by private	(60102)		
	5. Photography	Other Professional, Scientific, and Technical Activities. (74)	Television Programming and Broadcasting (602)	Television Programming and Broadcasting (6020)	Television Programming and Broadcasting by Govt.	(60201)		
					Television Programming and Broadcasting by Private	(60202)		
	6. Software and Databases	Computer Programming, Consultancy, and Related Activities (62)	Photographic Activities (742)	Photographic Activities (7420)	Photographic Activities	(74201)		
			Computer Programming, Consultancy, and Related Activities (620)	Computer Programming (6201)	Computer Programming	(62010)		
	7. Visual and Graphic Arts	Creative, Arts, and Entertainment Activities (90)	Information Service Activities (63)	Computer Programming, Consultancy, and Related Activities (620)	Computer, Consultancy and Computer Facilities Management (6202)	Computer, Consultancy, and Computer Facilities Management	(62020)	
				Data Processing, Hosting, and Related Activities, Web Portal (631)	Data Processing, Hosting, and Related Activities (6311)	Data Processing	(63111)	
	8. Advertising Services	Advertising and Market Research (73)	Creative, Arts, and Entertainment Activities (90)	Web Portals (6312)	Web Portals (6312)	Web Portals	(63120)	
				Advertising (731)	Advertising (7310)	Arts Workers Activities	(90002)	
				Advertising (7310)	Advertising	73100		

Type of Copyright Industry	Main Groups of Industries	Subgroups	Code	Notes
Core Copyright (continued)	9. Copyright Collecting Societies	1. Yayasan Karya Cipta Indonesia (now Karya Cipta Indonesia) Golden Plaza Complex Block C No. 12, Jl. RS. Fatmawati No. 15, Jakarta Selatan 12420, Fax.(021) 7656051 Telp.(021) 75905640, Telp.(021) 75905884, Telp.(021) 75905885 (collecting society for live music)		
		2. Yayasan Cipta Buku Indonesia (collecting society for books)		
		3. Wahana Musik Indonesia Jl. Bakti No.24, Senopati Raya Jakarta Telp. 021 72799904 Fax. 021 72799905 http://www.wami.co.id (collecting society for music recording)		
Interdependent Industries	1. TV sets, Radios, VCRs, CD Players, DVD Players, Cassette Players, Electronic Game Equipment, and other Similar Equipment	Manufacture Of Computer, Electronic And Optical Product (26)	Manufacture Of Audio And Electronic Video (264)	Manufacture Of Television And/Or Assembly Of Television (26410)
		Manufacture Of Computer, Electronic And Optical Product (26)	Manufacture Of Audio/Video Recorder, Receiver, And Copier (2642)	Manufacture Of Audio/Video Recorder, Receiver, And Copier (26420)
	2. Computers and Equipment	Manufacture Of Computer, Electronic And Optical Product (26)	Manufacture Of Computers And Peripherals Equipment (262)	Manufacture And/Or Assembly Of Computers (2621)
		Manufacture Of Computers Peripherals Equipment (2622)	Manufacture Of Computers Peripherals Equipment (2622)	Manufacture Of Computers Peripherals Equipment (26220)

Type of Copyright Industry	Main Groups of Industries	Subgroups				Code	Notes
Interdependent Industries (continued)	3. Musical Instruments	Other Manufacturing (32)	Manufacture Of Musical Instrument (322)	Manufacture Of Musical Instrument (3220)	Manufacture Of Traditional Music Instrument	(32201)	
					Manufacture Of Non Traditional Music Instrument	(32202)	
	4. Photographic and Cinematographic Instrument	Manufacture of Computer, Electronic and Optical Products (26)	Manufacture of Optical Instruments and Photographic Equipment (267)	Manufacture of Photographic Equipment (2671)	Manufacture of Photographic Equipment	(26710)	
				Manufacture of Photographic Equipment and Other Optical Instruments (2679)	Manufacture of Motion Picture Projectors and Equipment	(26791)	
	5. Photocopiers	Manufacture of Machinery and Equipment N.E.C (28)	Manufacture of General Purpose Machinery (281)	Manufacture of Office Machinery and Equipment (except Computer and Peripheral Equipment) (2817)	Manufacture of Photocopier Machines	(28179)	
	6. Blank Recording Material	Manufacture of Computer, Electronic and Optical Products (26)	Manufacture of Magnetic and Optical Media (268)	Manufacture of Magnetic and Optical Media (2680)	Manufacture of Magnetic and Optical Media	(26800)	
	7. Paper	Manufacture of Paper and Paper Products (17)	Manufacture of Paper and Paper Products (170)	Manufacture of Pulp, Paper and Paperboard (1701)	Manufacture of Pulp	(17011)	
Manufacture of Corrugated Paper and Paperboard and of Containers of Paper and Paperboard (1702)				Manufacture of Paper and Paperboard	(17012)		
				Manufacture of Corrugated Paper and Paperboard	(17021)		
				Manufacture of Containers of Paper and Paperboard (1702)	(17022)		

Type of Copyright Industry	Main Groups of Industries	Subgroups			Code	Notes	
Partial Copyright Industries	1. Apparel, Textiles, and Footwear	Manufacture of Wearing Apparel (14)	Manufacture of Wearing Apparel except Fur Apparel (141)	Manufacture of Wearing Apparel (1411)	Manufacture of Wearing Apparel from Textiles	(14111)	
					Manufacture of Wearing Apparel from Leather	(14112)	
		Manufacture of Leather and Related Products (15)	Manufacture of Footwear (152)	Manufacture of Footwear (1520)	Manufacture of Footwear for Daily Needs	(15201)	
					Manufacture of Sport Shoes	(15202)	
					Manufacture of Other Footwear	(15209)	
	2. Jewelry and coins	Other Manufacturing (32)	Manufacture of Jewelry and Valuables (321)	Manufacture of Jewelry and Related Articles (3211)	Manufacture of GemstoneS	(32111)	
					Manufacture of Jewelry from Gold for Personal Use	(32112)	
					Manufacture of Jewelry from Gold for Non-personal Use	(32113)	
					Manufacture of Pearls	(32115)	
					Manufacture of Articles made from Gold	(32119)	
			Manufacture Of Imitation Jewelry and Related Articles	(32120)			

Type of Copyright Industry	Main Groups of Industries	Subgroups	Manufacture of Products of Wood, Cork, Straw and Plaiting Materials (162)	Manufacture of Other Products of Wood; Manufacture of Articles of Cork, Straw and Plaiting Materials (1629)	Code	Notes	
Partial Copyright Industries (continued)	3. Other Crafts	Manufacture of Wood and of Products of Wood and Cork (Excluding Furniture), Manufacture of Articles of Straw and Plaiting Materials (16)	Manufacture of Products of Wood, Cork, Straw and Plaiting Materials (162)	Manufacture of Other Products of Wood; Manufacture of Articles of Cork, Straw and Plaiting Materials (1629)	(16293)	Wood Crafting Industry (Excluding Furniture) This category includes Assorted Handicrafts and Wood Crafting, such as: Reliefs, Masks, Puppets, Vases, Frames, etc.	
					(31001)	Manufacture of Wooden Furniture	
	4. Furniture	Manufacture of Furniture (31)	Manufacture of Furniture (310)	Manufacture of Furniture (310)	(31002)	Manufacture of Rattan and Bamboo Furniture	
					(31003)	Manufacture of Plastic Furniture	
					(31004)	Manufacture of Metal Furniture	
					(31005)	Manufacture of Other Furniture	
					(23121)	Manufacture of Household Goods from Glass	
	5. Household Goods, China and Glass	Manufacture of Glass and Glass Products (23)	Manufacture of Products of Glass and Plaiting Materials (162)	Manufacture of Glass and Glass Products (231)	Manufacture of Glass Products (2312)	(16290)	Manufacture of Other Products of Wood; Manufacture of Articles of Cork, Straw and Plaiting Materials (1629)
							Manufacture of Other Products of Wood; Manufacture of Articles of Cork, Straw and Plaiting Materials (1629)

Type of Copyright Industry	Main Groups of Industries	Subgroups			Code	Notes	
Partial Copyright Industries (continued)	6. Wall Coverings and Carpets	Manufacture of Textiles (13)	Manufacture of Other Textiles (139)	Manufacture of Carpets and Rugs (1393)	Manufacture of Carpets and Rugs (1393)	(13930)	
		Manufacture of Paper and Paper Products (17)	Manufacture of Paper and Paper Products (170)	Manufacture of Corrugated Paper and Paperboard and of Containers of Paper and Paperboard (1702)	Manufacture of Corrugated Paper and Paperboard	(17021)	
	7. Toys and Games	Other Manufacturing (32)	Manufacture of Games and Toys (324)	Manufacture of Games and Toys (3240)	Manufacture of Games/Toys Equipment	(32401)	
					Manufacture of Toys	(32402)	
	8. Architecture, Engineering, Surveying	Architectural and Engineering Activities; Technical Testing and Analysis (71)	Architectural and Engineering Activities and Related Technical Consultancy (711)	Architectural and Engineering Activities and Related Technical Consultancy (7110)	Architectural and Engineering Activities and Related Technical Consultancy	(71100)	
		Advertising and Market Research(73)	Market Research and Public Opinion Polling (732)	Market Research and Public Opinion Polling (7320)	Market Research and Public Opinion Polling	(73200)	
	9. Interior Design	Specialized Construction Activities (43)	Building Completion and Finishing (433)	Building Completion and Finishing (4330)	Building Completion and Finishing	(43300)	
	10. Museums	Libraries, Archives, Museums, and Other Cultural Activities (91)	Libraries, Archives, Museums, and other Cultural Activities (910)	Historical Sites and Buildings (9102)	Museum Operating by Govt.	(91021)	
					Museum Operating by Private	(91022)	

Type of Copyright Industry	Main Groups of Industries	Subgroups				Code	Notes	
Partial Copyright Industries (continued)	11. Handicraft Industry	Manufacture of Textile (13)	Spinning, Weaving and Finishing of Textile (131)	Preparation and Spinning of Textile Fibers (1311)	Manufacture of Preparation of Textile Fibers	(13111)	Handicraft is industry which is protected under Indonesia's Copyright Law no 19/2002	
		Finishing of Textiles (1313)		Weaving of Textile (1312)	Spinning of Textile	(13112)		
Non-dedicated Support Industries	1. General Wholesale and Preparation of Historical Sites and Buildings (9102)	Manufacture of Wood and of Products of Wood and Cork (Excluding Furniture), Manufacture of Articles of Straw and Plaiting Materials (16)	Manufacture of Products of Wood, Cork, Straw and Plaiting Materials (162)	Manufacture of Other Products of Wood; Manufacture of Articles of Cork, Straw and Plaiting Materials (1629)	Wood Crafting Industry (Excluding Furniture)	16293	This category includes Assorted Handicrafts and Wood Crafting, such as: Reliefs, Masks, Puppets, Vases, Frames, etc.	
		Wholesale Trade, except of Motor Vehicles and Motorcycles (46)	Wholesale of Household Goods (464)	Wholesale of Textiles, Clothing and Footwear (4641)	Wholesale of Textiles, Clothing and Footwear	(46410)		
	2. Retailing	Retail Trade except of Motor Vehicles and Motorcycles (47)	Retail Sale in Non specialized Stores (471)	Wholesale of Other Household Goods (4649)	Wholesale of Household Goods	Wholesale of Household Tools and Equipment	(46491)	
				Retail Sale in Non-specialized Stores with Food, Beverages, and Tobacco Predominating (4711)	Retail Sale in Non-specialized Stores with Food, Beverages, and Tobacco	Retail Sale in Non-specialized Stores with Food, Beverages, and Tobacco	(47110)	
			Retail Sale of Food, Beverages, and Tobacco in Specialized Stores (472)	Retail Sale of Food, Beverages, and Tobacco in Specialized Stores (472)	Retail Sale of Food, Beverages, and Tobacco in Specialized Stores (4720)	Retail Sale of Food, Beverages, and Tobacco in Specialized Stores	(47200)	

Type of Copyright Industry	Main Groups of Industries	Subgroups			Code	Notes		
Non-dedicated Support Industries (continued)	3. General Transportation	Land Transport and Transport via Pipelines (49)	Transport via Railways (491)					
			Other Land Transport (4922)					
		Water Transport (50)	Sea and Coastal Water Transport (501)					
			Inland Water Transport (502)					
		Air Transport (51)	Passenger Air Transport (511)					
			Freight Air Transport (512)					
			Warehousing and Storage (521)					
		Warehousing and Support Activities For Transportation (52)	Support Activities for Transportation (522)					
			Postal Activities (531)					
			Courier Activities (532)					
		Postal and Courier Activities (53)	Travel Agency, Tour Operator, Reservation Service and Related Activities (79)	Travel Agency and Tour Operator Activities (791)				
				Telecommunication (61)				
		4. Telephony and Internet			Wired Telecommunication Activities (611)			
					Wireless Telecommunication Activities (612)			
Other Telecommunication Activities (619)								

Appendix 2 Values of the Copyright-based Industries Before Factoring

Results Table 1: Economic Values of Copyright-Based Industries in terms of Output, Value Added, and Employment

(in million IDR and number of people)

INDONESIAN COPYRIGHT-BASED INDUSTRIES (ICR)										
Code	Description of Industry	Output	Factor	Output (million IDR) after factoring	Value Added (Million IDR)	Factor	Value Added (million IDR) after factoring	Employment	Factor	Employment (after factoring)
I. Core Copyright		169,408,059		169,408,059	67,273,614		67,273,614	1,189,710		1,189,710
1.1	1. Press and Literature	61,876,077	100%	61,876,077	23,675,781	100%	23,675,781	619,158	100%	619,158
1.2	2. Music, Theatrical Productions, Operas	5,919,114	100%	5,919,114	2,391,239	100%	2,391,239	58,006	100%	58,006
1.3	3. Motion Picture and Video	5,350,445	100%	5,350,445	2,047,426	100%	2,047,426	29,735	100%	29,735
1.4	4. Radio and Television	66,978,943	100%	66,978,943	27,720,430	100%	27,720,430	313,711	100%	313,711
1.5	5. Photography	10,625,622	100%	10,625,622	4,102,239	100%	4,102,239	80,130	100%	80,130
1.6	6. Software and Databases	5,859,473	100%	5,859,473	2,237,813	100%	2,237,813	39,098	100%	39,098
1.7	7. Visual and Graphic Arts	2,002,116	100%	2,002,116	814,290	100%	814,290	22,385	100%	22,385
1.8	8. Advertising Services	10,783,267	100%	10,783,267	4,280,395	100%	4,280,395	27,207	100%	27,207
1.9	9. Copyright Collecting Societies*)	13,000	100%	13,000	4,000	100%	4,000	280	100%	280
II. Interdependent Industries		416,111,824		113,017,173	39,644,590		41,755,138	258,702		289,720
2.1	1. TV sets, Radios, VCRs, CD Players, DVD Players, Cassette Players, Electronic	121,731,201	45%	54,779,040	16,208,276	40%	20,017,221	53,137	40%	94,230
2.2	2. Computers and Equipment	3,823,812	40%	1,529,525	767,499	40%	1,072,580	1,127	40%	1,978
2.3	3. Musical Instruments	10,015,042	30%	3,004,512	791,834	25%	995,731	22,565	25%	29,335
2.4	4. Photographic and Cinematographic Instrument	5,913,873	25%	1,478,468	241,875	25%	329,353	18,246	25%	28,774
2.5	5. Photocopiers	29,283	20%	5,857	2,293	20%	2,798	536	20%	775

INDONESIAN COPYRIGHT-BASED INDUSTRIES (ICR)										
Code	Description of Industry	Output	Factor	Output (million IDR) after factoring	Value Added (Million IDR)	Factor	Value Added (million IDR) after factoring	Employment	Factor	Employment (after factoring)
2.6	Blank Recording Material	4,603,403	20%	920,681	192,928	20%	195,211	1,993	20%	1,723
2.7	Paper	269,995,211	19%	51,299,090	21,439,885	15%	19,142,244	161,098	15%	132,906
	III. Partial Copyright Industries	789,415,107		346,821,235	78,743,375		132,091,478	3,838,436		2,223,464
3.1	Apparel, textiles, and footwear	370,411,908	35%	129,644,168	53,755,786	15%	46,364,365	1,687,658	15%	531,612
3.2	Jewelry and coins	14,213,317	20%	2,842,663	1,036,566	18%	716,395	139,014	18%	37,047
3.3	Other crafts	12,527,542	50%	6,263,771	1,190,446	35%	2,416,605	1,194,384	35%	501,641
3.4	Furniture	173,096,052	35%	60,583,618	12,300,886	35%	24,109,737	679,658	35%	451,973
3.5	Household goods, china, and glass	2,175,543	2.5%	54,389	1,019,446	0.5%	22,183	18,247	0.5%	199
3.6	Wallcoverings and carpets	1,613,445	3.00%	48,403	100,873	1.29%	6,230	11,862	1.29%	351
3.7	Toys and games	10,066,698	36.23%	3,647,500	1,040,665	36.23%	1,809,925	30,379	36.23%	13,209
3.8	Architecture, engineering, surveying	22,144,940	25.0%	5,536,235	5,474,171	14.5%	4,532,723	20,989	14.5%	8,232
3.9	Interior design	11,356,426	20.0%	2,271,285	2,476,939	14.5%	1,943,010	42,602	14.5%	22,279
3.10	Museums	2,098,102	8%	160,295	347,597	8%	106,225	13,643	8%	2,710
2.80	Handicraft Industry	169,711,133	80%	135,768,907	9,933,349	80%	50,064,079	629,049	80%	654,211
	IV. Non-Dedicated Support Ind.	1,341,225,255		44,260,433	726,318,070		23,092,515	10,953,053		361,451
4.1	General wholesale and retailing	149,737,960	3.30%	4,941,353	110,458,781	3.30%	3,599,358	1,777,021	3.30%	58,642
4.2	General transportation	957,364,503	3.30%	31,593,029	379,863,297	3.30%	12,518,659	7,729,488	3.30%	255,073
4.3	Telephony and internet	234,122,793	3.30%	7,726,052	235,995,993	3.30%	6,974,498	1,446,544	3.30%	47,736
TOTAL		2,716,160,246		673,506,901	911,979,649		264,212,745	16,239,902		4,064,346

Appendix 3 The Questionnaire



SURVEY: 'ECONOMIC CONTRIBUTION OF COPYRIGHT-BASED INDUSTRIES IN INDONESIA'

INTRODUCTORY LETTER:

Dear Sir/Madam,

We would like to ask you to fill up the questionnaire (attached). The questionnaire is an instrument of a survey on the Economic Contribution of Copyright and Related Right Industries in Indonesia. The survey is conducted by the Indonesian government in cooperation with WIPO (World Intellectual Property Organization). Please kindly give true responses, because the results of the survey will become one of the bases in developing policies on copyright-based industries in Indonesia. All information is kept confidential and used only for the purpose of this study.

We thank you very much for your helpful cooperation.

Yours sincerely,

Ministry of Tourism and Creative Economy

Part I: PROFILE of RESPONDENT

Name	:	
Gender	:	
Age	:	
Position in the Company	:	
Name of Company	:	
Field of business	:	
Status of ownership	:	<input type="checkbox"/> Foreign <input type="checkbox"/> Local <input type="checkbox"/> Mixed
Year of establishment	:	
Variety of products	:	
Company address	:	

Part II:

1.	Total turnover in 2011	
2.	Estimation of total production costs in 2011	
	a. Total of payroll/salary/wages	
	b. Total of material costs	
	c. Total of other costs (packaging, office/administration, etc)	
	d. Total of transportation and delivery costs	
	e. Total of management salary, licensing fee, royalty, etc.	
	f. Others (electricity, water, advertising, rental fee, etc)	
	TOTAL PRODUCTION COSTS	
	g. Depreciation	
3.	Total investment in machinery and manufacturing facilities	
4.	Total inventory of finished products at the end of 2011	
5.	Number of employees (at 31 December 2011)	
	a. Total number of permanent employees	
	Including:	
	Manager	
	Staff in the technical department or other professionals	
	Staff in the office and sales department	
	Workers in the production department and transportation	
	b. Number of part-time workers	

III. Estimation of Company Activities Related to Copyright

1.	How important is copyright in your company's daily operations? (circle the appropriate answer)			
	Very Important	Important	Somewhat important	Not important
2.	Does your company receive or pay royalties (or in other forms) for using patent, license, or copyright?			
	Yes	No (please go directly to Question no. 5)		
3.	On average, what is the percentage of royalty money paid or received compared to your total expenditure/income?			
%			
4.	How much or what percentage of your total turnover is paid to /received from royalties (or in other forms of royalty)			
%			
5.	What is the percentage or how many people of your employees are involved in activities related to creative activities?			
	Note: Creative activity include research and development, design activities, etc.			
	Number of Full-time employees	:		Person
	Number of Part-time employees	:		Person

THANK YOU

The Economic Contribution of the Copyright-Based Industries in the Member States of the Organization of the East Caribbean States

*Potential and Policies for
Economic Transformation*

Vanus James

December 2012

The study measures the contribution of copyright to GDP and employment in OECS countries. It employs a sector-wide collaborative research process. The study seeks to shed light on the policies that might best promote the optimal use of the opportunities generated by growth of the copyright sector in the OECS economy.

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Acronyms

ASCAP	American Society of Authors Composers and Publishers of Music
BMI	Broadcast Music Incorporated
BVI	British Virgin Islands
CCL	Caribbean Copyright Link
CISAC	Confédération Internationale des Sociétés d'Auteurs et Compositeurs
CMO	Collective Management Organization
CSO	Central Statistical Office
DVD	Digital Versatile Disc
ECCA	Eastern Caribbean Civil Aviation Authority
ECCB	Eastern Caribbean Central Bank
ECCO	Eastern Caribbean Collective Organization for Music Rights
ECTEL	Eastern Caribbean Telecommunications Authority
ED	Enumeration District
GDP	Gross Domestic Product
GEMA	Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte
HMS	Hewanorra Musical Society
HUEM	Household and Unincorporated Establishment
IBC	International Business Company
IFRRO	International Federation of Reprographic Right Organizations
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification of All Economic Activities
NSO	National Statistical Office
OECS	Organization of Eastern Caribbean States
OECS/EDU	Organisation of Eastern Caribbean States /Export Development Unit
PPS	Probability Proportional to Size Sampling
PRS	Performing Right Society
RRO	Reprographic Right Organisation
SACEM	Société des Auteurs Compositeurs et Editeurs de Musique
SJF	St. Lucia Jazz Festival
SKN	Saint Kitts and Nevis
SNA	System of National Accounts
SUT	Supply and Use Table
SVG	Saint Vincent and the Grenadines
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights
UK	United Kingdom
UNSD	United Nations Statistics Division
WCT	WIPO Copyright Treaty
WIPO	World Intellectual Property Organization
WPPT	WIPO Performances and Phonograms Treaty
WTO	World Trade Organization

Executive Summary

1. Introduction

In seeking to understand the development process, countries need to understand the contribution of industries to gross domestic product (GDP), employment and trade. These are the key measures to be used to interpret how industries contribute to national productivity, unit costs and hence competitiveness in local and global markets, which in turn are key factors shaping the growth of per capita income and the education and skill per capita of the population. In this regard, industries based on copyright and related rights have a considerable impact on national economies. National studies in many countries have revealed that these industries are major contributors in terms of their relative aggregate value added to a country's GDP, as well as being major contributors to employment and foreign trade. This study will probe the extent to which a similar claim can be made for the economies of the Member States of the Organization of Eastern Caribbean States (OECS), namely: Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and the British Virgin Islands.

The specific purpose of the study is to measure the contribution of the copyright sector to GDP and employment. Trade is not covered in significant detail because of the lack of data. Where possible in the estimation process, light will also be shed on the national and regional market structures of the copyright sector, value chain, demand and supply patterns, labor market, policy framework and support from the public and civil sectors including the role of collective management organizations, financing mechanisms, implications of the digital environment, among others. Data on these will be used to clarify the meaning of the data on GDP and employment.

2. The OECS and the search for development in a globalizing economy

The Organisation of Eastern Caribbean States (OECS) came into being on June 18th 1981, when seven Eastern Caribbean countries signed a treaty agreeing to cooperate with each other and to promote unity and solidarity among them. Its purpose was to create a larger home market from which countries could launch the pursuit of improved global competitiveness in trade. The seven initial signatories of the Treaty of Basseterre (so named in honor of the capital city of St. Kitts and Nevis where it was signed) were: Antigua and Barbuda; The Commonwealth of Dominica; Grenada; Montserrat; St. Kitts and Nevis; St. Lucia; and St. Vincent and the Grenadines. Anguilla and The British Virgin Islands joined later as Associate Members, bringing the total membership to nine. On June 18th 2010, the seven original signatories of the Treaty of Basseterre signed a revised Treaty to establish the Organisation of Eastern Caribbean States Economic Union. A new body, the OECS Assembly, has also been created to review legislation proposed by the OECS Commission. This body will provide a forum for Member States' representatives to examine and debate legislation intended for adoption across the Union. The Member States have, however, agreed to cede legislative authority to the organization in the following areas: the common market, including the customs union; monetary policy; trade policy; maritime jurisdiction and maritime boundaries; and civil aviation.

3. Copyright Law and Measurement of the OECS Copyright-based Industries

The basic approach of this Study is to measure the value added of activities that are subject to, and enabled by, copyright law in each country in the OECS that has opted to participate in the Study. Then, using the national accounting estimates of value added and employment, estimates are provided of the contribution of the activities to GDP and employment.

In the British Virgin Islands and Montserrat, the copyright law of the United Kingdom applies. In Anguilla, copyright is governed by the UK 1956 Act as amended by the Revised Statutes of 2002 which made Anguillan law WTO compliant. In the other six member states, copyright laws have been reformed over the past 15 years to comply with TRIPS and the Berne Convention. There is considerable variation between the laws of each country. Related or neighboring rights have varying degrees of protection in the OECS, with only Dominica and St. Lucia being signatories to the Rome Convention while only St. Lucia and St. Vincent and the Grenadines have acceded to the WPPT. In the British dependencies, as well as Dominica and St. Lucia,

related rights are fully protected locally and internationally. Notwithstanding these variations, the industries protected by the OECS copyright laws are consistent with those defined by WIPO (2003). The copyright and related rights industries are defined as those industries in which 'copyright plays an identifiable role' in creating tradable private economic (property) rights and income from use of these economic rights (WIPO, 2003:18, 22). These industries are classified for statistical measurement into four broad groups of copyright activities: (i) Core Copyright Industries, which exist to create, produce, and/or distribute copyright materials; (ii) Interdependent Copyright Industries, which are engaged in the production, manufacture and sale of equipment that facilitates copyright activity; (iii) Partial Copyright Industries, whose main activities may not be copyright but include a significant component of products and services that are based on copyright as defined in (i) above; and (iv) Non-dedicated Support Industries, which are the distribution industries that facilitate broadcasting, communication, and distribution or sales of copyright-based activities that are not classified as core copyright activities.

4. Economic background

The total population of the OECS is estimated to be about 635,395 persons, as of 2009. St. Lucia, at an estimated 172,189, is the most populous, followed by St. Vincent and the Grenadines at 100,209, while Montserrat at roughly 5,924 has the smallest population. Population growth has generally been slow, averaging 0.7% since 2000. The total labour force in St. Lucia grew over the decade since 2000, to an estimated 70,930 in 2009, but with some very moderate irregularity over the period.

The data indicate that the nature of employment has been changing over time. The share of agriculture has been falling steadily, along with the share of manufacturing; at the same time, the hotel and restaurant sector (a proxy for tourism) grew slowly but steadily as a source of employment, along with wholesale and retail, and government services. It is in these same emerging sectors that much of the copyright sector contributions to employment are embedded. While unemployment exists in all age categories, the youth, from age 15 to 24, experience the highest rate of unemployment. In general, with the exception of the British Virgin Islands, the OECS has a considerable pool of unemployed labor seeking gainful employment, particularly among young people. With respect to GDP, the BVI is currently the largest of the OECS economies. In 2009, the BVI accounted for 20.4% of the OECS GDP, while Antigua and Barbuda accounted for 19.6% and St. Lucia 18.1%. Between 2000 and 2009, the BVI maintained an annual growth rate averaging 3.13%, as compared to 3.69% for Antigua and Barbuda and 1.43% for St. Lucia.

The data on the sector contributions to GDP form the background for considering the comparative contributions of the copyright sector as a whole. The largest 'sector' of the OECS economy is the sector classified as 'other activities'. Most elements of the copyright sector, whether as output or as consumption and investment (including consumption of imports), are included in this group. This is the sector in which the major drivers of structural change appear to be located. The second largest sector is 'wholesale, retail trade, restaurants and hotels'. The fastest growing sector of the OECS economy, since 2000, is also the sector of 'other activities'. Its annual growth rate averaged 3.8% up to 2009, as compared to only 1.6% for the sector containing most of the tourism activities during the same period, and 2.5% for the economy as a whole. This resilient performance in the context of the unstable global economy suggests that it is important for the OECS to identify the drivers of growth within the sector and target them to lead the transformation of the economy. Regarding trade, the net exports of the OECS have been in perpetual deficit since 2000, with a significantly faster trend of deterioration since 2005. The main underlying real-sector factor is the slow growth of import productivity and it would be important to estimate the comparative contribution of the copyright sector to import productivity in OECS countries. Overall, the evidence suggests that OECS countries' economic indicators are generally deteriorating, with every OECS country experiencing a fall in the long-term rate of growth.

5. Profiling the OECS copyright sector: best practice cases and statistical data

In order to get a perspective of the copyright sector in the OECS, as a precursor to preparation of the St. Lucia Survey, a concerted effort was made to contact firms/individuals in the different Member States which seemed to be making a success of their particular areas of operation in the face of a generally stagnating economic environment. Firms were sought in a diverse range of copyright-based activities and in as many Member States of the OECS as possible. The final decision on the profiled firms depended on the willingness

of the firms to give information on their operations that would elucidate the reasons for their success, and on a first response basis with cut-off at six respondents to fit budgetary constraints. The statistical profile of the copyright sector was developed based mainly on a survey of a cluster sample of businesses in St. Lucia, which also provided the main data on which the copyright factors were estimated. The main findings from the survey were that the majority of respondents have secondary education or better (67%), with as much as 28% of those responding having tertiary education. This pattern in the sample is similar among the owners of the micro and small enterprises. The majority of the respondents relied primarily on the use of retained earnings to finance their accumulation of capital. About 57% of the persons responding to the question about the percentage of their financing coming from retained earnings indicated that they relied completely on retained earnings and 68% relied on retained earnings to cover 80% or more of their capital investments. Overall, about 21% of the respondents indicated distributing copyright materials without the requisite copyright cover.

This tendency was spread unevenly across the respondents, and included persons in the creative sector. The estimated rate of unauthorized distribution among producers in the creative arts and entertainment sector itself was nearly 18%.

6. Estimating the interdependent, partial and non-dedicated copyright factors

The copyright factors for St. Lucia and the OECS were based on two main sources. First, from the responses to the random samples of small and micro firms, an estimate was obtained of the subjective assessment of the importance of copyright to each industry. Similarly, an estimate was provided of the share of copyright in the sales of the industry. The second source was the set of estimates from a selected set of comparable countries conducting similar studies using sample surveys under the WIPO project. In this case, we chose the Philippines, a country which has a significant tourism sector: tourism and related services make up the major exporting sector of the OECS. Finally, the estimates for Jamaica were also used. These relied primarily on factors from the survey-based estimates of Mexico and both economies are characterized by a high degree of dependence on tourism.

The estimates were then used to prepare final copyright factors consistent with the WIPO Guide and the practices of other countries. The resulting factors range from about 50% for the production of leather and leather products to 4% for furniture and related products and 1% for pottery. It was assumed that St. Lucia has an industry structure that is sufficiently comparable to those of the other OECS countries. We therefore relied on the copyright factors of St. Lucia to form appropriate copyright factors for the rest of the OECS. Regarding the role of collective management, the estimation process depended heavily on the data provided by ECCO and the data for Trinidad and Tobago. These data suggested that the compliance level of copyright users in the OECS is very low. The copyright factor for collective management was estimated as 10.4%. It was treated as a measure of the 'actual and potential' value of copyright protection activity, private and collective.

7. Contribution of copyright activities to GDP in the OECS

Data for the participating countries of the OECS show significant variation in contributions to output. At one extreme, St Lucia has a very strong improving trend in the share of copyright in GDP, up to 8% of output. St Kitts Nevis also exhibits an increasing role, up to 6.5% of output. At the other extreme, Dominica has a small and generally declining share of copyright to GDP in 2010, estimated at 3.3% of output. Grenada's data reveal a declining share of copyright, in 2010 at 4.6% of output; and St Vincent and the Grenadines occupies the middle ground at 5.6% of output. In all the participating countries of the OECS, the structure of the copyright sector has changed significantly since 2000. As could be expected, in the absence of a strong manufacturing sector, most of the activities are in the Core Copyright Sector and the Non-dedicated Support Sector.

The structure of the core copyright sector differs substantially among the countries of the OECS. Some of the restructuring observed could well reflect the growing ease of selling digital output online to a global market, including digital publication. The particular focus of the countries seems to express the relative importance of training in the acquisition of skills in the field, as compared to the importance of culture as a source of capacity and skill adjusted over the period. A significant contributor to the differentiation is the practice and potential of copyright protection and collection of royalties. Overall, the estimates indicate that the average

share of copyright activities in these OECS Member States' GDP tended to drift upward slowly, from 5.2% in 2000 to 5.6% in 2010. Copyright contributes most to economic activity in St. Lucia and St. Kitts and Nevis and the least to economic activity in Dominica. What is interesting is that the share of copyright exceeds that of agriculture and manufacturing in OECS economies.

8. Employment in the OECS Copyright Sector

The estimates of the contribution of copyright-based activity to employment in the OECS are based mainly on administrative wage data obtained from the social security institutions of each country, rather than on random samples of the labor force. Thus, they are plagued by problems of non-random self-selection related to compliance with social security laws. One could expect that non-compliance would be significant among employees in many subsectors of copyright activity where the rate of self-employment is high. As in the case of the contribution to GDP, the share of collective management reported is best interpreted as a measure of potential employment. Copyright accounted for 4.4% of jobs in St. Lucia 2010. Dominica had 3.7% of jobs attributable to the copyright sector and St. Vincent and the Grenadines 4.9% of jobs, while Grenada had 3.6% of jobs. St. Kitts and Nevis had the smallest percentage of jobs from the sector at 3.1% of jobs in 2010. The share of copyright in employment has remained broadly stable since 2000, indicating a tendency for the sector to become more efficient on average, as output grew its share over the period. St. Vincent and the Grenadines and St. Lucia are the economies that currently generate the highest share of jobs from copyright activity.

9. Comparison with other countries

The estimates of the contribution of copyright-based industries to the OECS participating countries are broadly in line with estimates of the contribution of copyright to other Caribbean countries and many countries around the world. In those countries in which WIPO-sponsored studies were conducted, it was found that the contributions of copyright industries to GDP ranged from 11.12% in the USA to a low of 2.0% in Brunei, and averaged 4.7%. In 2011, the contribution of copyright to GDP in Trinidad and Tobago was 4.8%. In the OECS, the average share in 2010 was 5.6%, with St. Lucia the highest at 8%, followed by St. Kitts and Nevis at 6.5% and trailed by Dominica at 3.3%. Similarly, in the international community, the contribution of copyright to employment of labour ranged from a low of 1.91% in Ukraine to 11.1% in the Philippines, with an average of 5.81%. In the case of Trinidad and Tobago, the estimated contribution to employment was 5% in 2011. In the OECS, in 2010, copyright in St. Vincent/Grenadines was 4.9% of the total, followed by St. Lucia at 4.4%, then Dominica at 3.7% with St. Kitts - Nevis trailing at 3.1%.

10. A policy regime for copyright-based industries in the OECS

The share of the copyright sector more than doubled over the decade, resulting from substantially faster growth of the copyright sector than the GDP since 2000. Policy-makers should take steps to enhance this growth performance. Sectors worth targeting are 'music, theatrical productions and opera'; 'databases, software and new media'; and 'visual and graphic arts and related technical services'. These sets of activities rely on advanced tertiary education and export markets for success. Given the rapid digitization of the industry, policies in the copyright sector should be especially geared to increasing the incentives for firms in the establishment, innovation, and growth stages of their development.

On account of the small size of the local markets, much of the OECS copyright output will have to be exported, most likely on the fastest possible broadband. The countries must therefore pay close attention to the trends in the digitization of music and other forms of copyright-based output. The internet is a growing global market for copyright-based products and it is subject to the same patterns of market domination that characterize all markets. Trends in digitization also make the internet, and information and communications technology generally, a cross-cutting issue in the development of the OECS economy.

Notwithstanding its rapid growth, there is low reliance on bank financing and high reliance on retained earnings in the development of the sector. Policy-makers should take steps to increase access to, and use of, bank financing in the copyright industries. Priority attention should be given to cutting the cost of financing to the sector over the medium term, in the first instance through proper design and targeting of low-interest loan facilities to currently successful firms.

In the OECS, a relatively high percentage of persons in microenterprise generally, and in the copyright sector, seem to have tertiary education. Nonetheless, culture-based skill appears to be significantly more important than formal training-based skill development in the evolution of employment in the core copyright sector in the OECS. This trend will have to change if the industry is to provide a firm anchor for long-term development. Policy-makers should seek to reorient the education sector as a whole, in order to cater adequately to this tendency among graduates to enter the creative sector in pursuit of high-risk entrepreneurial income. The youth are the natural targets of this reorientation

The copyright-based industries thrive by growing and exporting the services of domestic capital. Policy should seek to ensure that foreign direct investment can boost the prospects of the sector. The primary target in this case is to attract investment, whether financial or real, to the production and export of copyright-based output in particular and domestic capital in general.

Given the creation of a single economic space within the OECS, a greater degree of harmonization of the copyright laws of the member states is desirable. Policy should seek to adopt a uniform copyright law, guaranteeing the highest standards of protection for rights holders across all the Member States.

11. Summary

If a country cannot rely on natural endowments to keep up with global trends, it must necessarily create its own opportunities. Such creation is achieved only by drawing on suitable international cooperation to develop, use, and export capital and other high-demand output, in contrast to consumer output. Copyright-based sectors are special in this context because, in the normal effort to innovate and be viable on the world stage, they have evolved as producers, users and exporters of local knowledge, which is a form of domestic capital. They, therefore, deserve special policy targeting, in their own right and as sectors that can foster rapid growth of import productivity in the OECS.

1. INTRODUCTION

In seeking to understand the development process, countries need to understand the contribution of industries to gross domestic product (GDP), employment and trade. These are the key measures to be used to interpret how industries contribute to a country's productivity, unit costs, and hence competitiveness in local and global markets, which in turn are key factors shaping the growth of per capita income and the education and skill per capita of the population. In this regard, industries based on copyright and related rights have a considerable impact on national economies. National studies in many countries have revealed that these industries are major contributors in terms of their relative aggregate value added to a country's GDP, as well as being major contributors to employment and foreign trade. This study will probe the extent to which a similar claim can be made for the economies of the Member States of the Organization of Eastern Caribbean States (OECS), namely: Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and the British Virgin Islands.

The immediate and specific purpose of the study is to measure the contribution of the copyright sector to GDP and employment (trade is not covered in significant detail because of the lack of data). Further, where possible in the estimation process, light will also be shed on the national and regional market structures of the copyright sector, value chain, demand and supply patterns, labor market, policy framework, support from public and civil sector including the role of collective management organizations and other copyright-related organizations, terms of trade and cross-border issues, financing mechanisms, implications of the digital environment, among others. Data on these will be used to clarify the meaning of the data on GDP and employment.

The general aim is to update the indicators and framework for policy design, implementation, monitoring, and evaluation that seek to give the copyright industries an optimal place in transforming the structure, growth performance, and internal and external balances of the OECS economy. The results should also provide a basis for other applications, such as determination of the value of copyright and other capital assets and their implications for the extension of the current term of applicable copyright laws.

The measures provided are economic in focus, but it should be noted that copyrighted outputs such as music and art have significant non-economic benefits and it is also worthwhile for stakeholders to consider these when making policy. The Report contains eleven chapters, treating Chapter 1 as this Introduction. Chapter 2 describes the Organisation of Eastern Caribbean States (OECS) as a block of nine (9) integrating economies. Chapter 3 provides definitions of copyright and related rights, and identifies the industries in which these property rights play identifiable roles. Identification follows the WIPO Guide in distinguishing Core, Interdependent, Partial and Non-dedicated Sectors. Chapter 4 provides empirical context for the main estimates of the study, covering historical data on the scale and structure of GDP, employment and trade. Of importance is the contrast between the growth performance of the economy between 1970 and 1999 and from 2000 to the current period. The observed fall-off in the growth rates of all countries in the OECS under traditional growth drivers makes it interesting to consider others, such as the copyright-based industries.

In Chapter 5, a detailed profile is presented of the copyright sector, based mainly on a cluster sample of businesses in St. Lucia. The chapter is set out in two broad parts. The first presents profiles of six (6) best practice cases in the OECS copyright-based industries. These were used to guide the design of the questionnaire used to collect data from a random sample of practitioners in the copyright industries. The second part of the chapter presents characteristics of the operators in the copyright sector, obtained from the random sample. Chapter 6 uses this same sample, along with factors from other countries in the WIPO estimation project, to develop the copyright factors for the Interdependent, Partial and Non-dedicated Copyright Sectors. Chapter 7 presents the estimates of the contribution of the copyright-based industries to GDP, while Chapter 8 provides the estimates of the contribution of employment. In both cases, estimates are presented for the period 2000 to 2010, assuming that the copyright factors have not changed significantly over the period. Chapter 9 presents comparisons with other countries. Chapter 10 presents a summary set of perspectives from the evidence presented and uses them along with the details of all chapters to set up the policy implications of the findings. Chapter 11 summarizes the Report.

'While they form a reasonable application of the WIPO methodology and a good basis for policy design, the inferences in this report are subject to certain caveats. A significant one is that the copyright factors of all participating individual countries are based mainly on the survey conducted in St Lucia. Other countries may have somewhat different economic structures and may have to adjust the results accordingly in order to refine local policy. The second caveat relates to the absence of survey-based wages and labor productivity data in countries other than St Lucia. The selected solution was to preserve comparability by using the available administrative data from the social security systems in all cases. Because these data could not be cleaned to reflect the survey data, some degree of unreliability might characterize the wage trends and wage shares used in the estimates, and hence the comparisons across countries. All the specific sector estimates were based on the detailed national accounts provided by participating countries; however, to ensure comparability, the general guiding trends from 1970 to 2010 that shape interpretation of the development problem solvable by the evolution of the copyright sector were extracted from data supplied by the UNSD, including population data. Individual countries may find that the estimates differ somewhat from the local source data and may wish to re-compute for greater local applicability. Finally, the most serious limitation of the estimates is the complete absence of data on the trade in services, on the basis of which to estimate the trade in copyright-based output. This limits the usefulness of the study as a guide to policy for countries that are highly integrated into the global economy.'

2. THE OECS AND THE SEARCH FOR DEVELOPMENT IN A GLOBALIZING ECONOMY

The Organisation of Eastern Caribbean States (OECS) came into being on June 18th 1981, when seven Eastern Caribbean countries signed a treaty agreeing to cooperate with each other and promote unity and solidarity among the Members. Its purpose was to create a larger home market from which countries could launch the pursuit of improved global competitiveness in trade. The seven initial signatories of the Treaty of Basseterre (so named in honor of the capital city of St. Kitts and Nevis where it was signed) were:

- Antigua and Barbuda
- The Commonwealth of Dominica
- Grenada
- Montserrat
- St. Kitts and Nevis
- St. Lucia
- St. Vincent and the Grenadines.

Anguilla and The British Virgin Islands joined later as Associate Members, bringing the total membership to nine. The grouping therefore consists of six fully independent member countries and three dependencies of the United Kingdom, namely Montserrat, Anguilla and The British Virgin Islands.

Administrative services for the OECS are provided by a Secretariat, which lists its objectives as follows:

- To promote co-operation among the Member States at the regional and international level.
- To promote unity and solidarity among the Member States and to defend their sovereignty, territorial integrity and independence.
- To assist the Member States in the realization of their obligations and responsibilities to the international community, with due regard to the role of international law as a standard of conduct in their relationships.
- To seek to achieve the fullest possible level of harmonization of foreign policy among the Member States; to seek to adopt, as far as possible, common positions on international issues and to establish and to maintain, wherever possible, arrangements for joint overseas representation and/or common services.
- To promote economic integration among the Member States.
- To pursue these purposes through its respective institutions by discussion of questions of common concern and by agreement and common action.¹

2.1 Major Institutions

A number of important institutions have been established on a regional basis to facilitate the Member States, with a view to maintaining high standards at the lowest possible cost. Some of the more important institutions are:

1. The Eastern Caribbean Civil Aviation Authority (ECCA) – Civil Aviation.
2. The Eastern Caribbean Telecommunications Authority (ECTEL) – Telecommunications.

¹ <http://oeecs.org/about-the-oeecs/mission-a-objectives>

3. The Eastern Caribbean Central Bank (ECCB) – responsible for managing the region’s currency and monetary affairs. The British Virgin Islands do not participate in this institution.
4. The Eastern Caribbean Supreme Court, including a Court of Appeal – is the court of record for all nine Member States in civil and criminal matters.

On June 18th 2010 the seven original signatories of the Treaty of Basseterre signed a revised Treaty to establish the Organisation of Eastern Caribbean States Economic Union. The major change which the revised Treaty of Basseterre established was the creation of a single economic and financial space within the OECS, inclusive of the non-independent members. The Treaty took effect in 2011. In practice, the creation of the single economic and financial space means that all factors of production, including labor, are free to move within the Union. The new Treaty re-emphasizes the commitment of the Member States to collective action, including joint actions and the pursuit of joint policies, including in the field of intellectual property rights of which copyright is a subset. A new body, the OECS Assembly, has also been created which comprises members of both the governing parties and the opposition parties in the same proportion as their representation in their respective national parliaments. The main purpose of this body is to review legislation proposed by the OECS Commission. This body will not supersede the individual parliaments’ legislative authority, but it will provide a forum for Member States’ representatives to examine and debate legislation intended for adoption across the Union. The Member States have, however, agreed to cede legislative authority to the organization in the following areas:

1. The common market including the customs union
2. Monetary policy
3. Trade policy
4. Maritime jurisdiction and maritime boundaries
5. Civil aviation.

In effect, the acts of the OECS Authority in the areas listed above will have the force of law in each Member State, without the necessity for the involvement of individual parliaments of the Member States.

The basic logic driving the formation and evolution of the OECS informs the data, analysis and policies presented in this Report. In particular, compelling collective economic dynamics determine the likelihood that a country can boost its development prospects beyond local potential by sharing adequately in available benefits from trade. These dynamics include the rapid globalization of production, but they are critically shaped by the differences in the rate of development of the domestic capital sector among countries. The general anticipation created by the economic integration movement was that, in confronting these dynamics, greater collective production scale would increase productivity, lower unit cost, and increase domestic demand, thereby creating conditions for improved capital formation, exports and growth at the national and firm levels. It was also anticipated that such conditions would allow innovative sectors, including the copyright-based sectors, to contribute better to national and OECS development.

3. COPYRIGHT LAW AND MEASUREMENT OF THE OECS COPYRIGHT-BASED INDUSTRIES

The basic approach of the Study is to measure the value added of activities that are subject to, and enabled by, copyright law in each country in the OECS that has opted to participate in the Study. Then, using the national accounting estimates of value added and employment, estimates are provided of the share of the activities to GDP and employment.

3.1 Definition of Copyright

Copyright (author's right)² is a form of (exclusive) right granted by law, for limited periods of time and subject to certain limitations and permitted exceptions, to the creators of original literary, artistic or musical works to do, authorize, or prohibit certain acts in relation to such works including films, computer programs and databases. In some countries, particularly those that follow the common law, the law of copyright not only grants protection to creators but also to the investment required for the creation and dissemination of works to the public by the major creative industries such as the recording, publishing, and broadcasting industries. Copyright as such is generally considered to belong to works created by individual human creators rather than works that are produced by corporate bodies; but it is also extended to works that are usually produced and owned by corporate bodies such as films or sound recordings. There tends to be a difference in the way these works are dealt with in copyright law. The most notable difference between these kinds of works and those that are more closely connected with individual creators is the length of time for which copyright protection exists. Works that are produced by individual creators are generally protected for the life of the creator and at least 50 years after the creator's death; in contrast, works such as films or sound recordings that are generally produced by corporate bodies, the period of protection is generally for a fixed period (which is usually 50 years) calculated from the date of creation or date of publication. The period of protection for the latter type of work is thus generally shorter.

Copyright denotes a 'bundle' of separate rights, including reproduction, distribution, public performance, broadcasting, cable transmission to subscribers, transmission via the internet and adaptation (such as dramatized versions of fictional works or arrangements of musical compositions). The individual rights in 'the bundle' can be, and often are, managed separately and independently of each other. These rights are referred to as 'economic rights' because they are rights that the owners of copyright can license to users for economic reward. These rights are, in fact, the only rights that are the subject of the TRIPS agreement. The other set of rights which a rights holder can have are what are known as the 'moral rights',³ which always belong to the individual creator or author and can never be transferred to a third party. In some countries with civil law these rights actually last forever.

Moral rights are of two sorts: the right of paternity and the right of integrity. The right of paternity refers to the obligation which a user has to associate the author's name (real or pseudonymous) with his work, while the right of integrity is intended to prevent users or other third parties from tampering with the work in a manner that would amount to mutilation of the work or that brings dishonor to the author. While moral rights cannot be transferred from the author, these rights can be waived. In countries with the civil law system, especially in continental Europe, the standards for giving an effective waiver are quite high, whereas in most common law countries these standards tend to be low. The UK, for example, is considered to have weak moral rights legislation because, among other things, an author of a literary work needs to make a statement on copies of his work that he reserves his moral rights, otherwise they are considered to be waived. Some countries in the OECS, like Dominica, tend towards strong moral rights legislation while others, like

² The term 'author's right' is used in the civil law legal system, and 'copyright' is used in the common law legal system. The author's right system has its roots in the French laws of 1791 and 1793, while the copyright system is rooted in the British Act of 1710. It is sometimes necessary to use both in order to reflect the different approaches in the two systems. The most important distinction relates to the emphasis on the protection of the work in the copyright system and on the *author* in the author's right system.

³ Rosenblatt, B. (1998). Moral Rights Basics. <http://cyber.law.harvard.edu/property/library/copyprimer.html#anchor4202132>. The term 'moral rights' is a translation of the French term 'droit moral,' and refers not to 'morals' as advocated by the religious right, but rather to the ability of authors to control the eventual fate of their works. An author is said to have the 'moral right' to control her work. The concept of moral rights thus relies on the connection between an author and her creation. Moral rights protect the personal and reputational, rather than the purely monetary.

Antigua and St. Lucia, have weaker moral rights legislation. In Dominica, an author must give a waiver for each precise use intended to be made of his work and thus he cannot give a broad general waiver. In both Antigua and St. Lucia, on the other hand, the author can give a broad general waiver even for actions that will take place many years in the future and of which he cannot be aware at the time he gives the waiver. The degree of strength of the moral rights legislation of a country has important implications for the way in which an author interacts with his/her collective management organization and/or licensees.

Copyright is regulated internationally by the Berne Convention of 1886, whereby Contracting States are 'constituted into a Union for the protection of the rights of authors over their literary and artistic works' (Berne Convention 1886, Article 1) and are obligated to grant uniformity of treatment to right owners in Contracting States. This Convention has been revised from time to time to cater for the new uses of copyright works made possible by technological developments. In addition to uniformity of treatment (national treatment), the Convention also mandates that signatories require no formalities for an author or other owner to enjoy protection of his copyright and that the minimum period of protection be 50 years *post mortem auctoris* (after the author's death). The Convention does not require uniformity of legislation, rather it sets minimum standards for legislation. Member States, for example, are free to grant protection for periods of time longer than 50 years *post mortem auctoris* and many countries have in fact enacted legislation providing for protection for 70 or more years after the author's death.

In contrast to patents, which aim to protect *ideas* that are novel, non-obvious and useful, copyright protection is extended to *expression of ideas* and not only to the ideas themselves, or procedures and methods of operation or mathematical concepts (TRIPS, Article 9).⁴ Adequate understanding of copyright requires an understanding of 'related rights' or 'neighboring rights'. These are the rights of performers, producers of phonograms, broadcasters and others who bring authors' works before the public. These rights have been internationally protected since the 1961 Rome Convention came into force. In some laws, e.g. those of the UK, USA and CARICOM countries, the term 'copyright' is used to cover both the rights of authors and some or all of the related rights. In 1996, at a WIPO diplomatic conference, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), known together as the WIPO Internet Treaties, were adopted. In effect these Treaties are updates and supplements of the international protection granted by the Berne Convention and the Rome Convention. They seek to address challenges posed by advances in digital technologies, in particular the dissemination of protected material over digital networks such as the internet.⁵

The rights in copyright are administered individually by rights owners or, where individual management is impossible or impractical, collectively by Collective Management Organizations (CMOs), with deterrent support from law enforcement agencies. The dominant Collective Management Organizations worldwide are in the field of music, for the public performance right and certain reproduction rights. The major collection societies are based in the largest markets. In the USA, there are the American Society of Composers, Authors and Publishers (ASCAP) and the Broadcast Music Inc. (BMI). In the United Kingdom, there is The Performing Right Society (PRS), and in continental Europe the largest are SACEM in France and GEMA in Germany. A new type of collective management organization that is steadily gaining importance is the Reprographic Right Organisation (RRO). With the widespread use of reprographic (photocopying) equipment, authors and publishers of text and graphic works have been suffering financial prejudice on account of widespread unauthorized reproduction of their works. The RROs are intended to give users of text-based and graphic works legal access to these works, while providing some revenue for creators and publishers.

Internationally, collective management organizations for authors and publishers of music collaborate with each other directly and through membership in the Confédération Internationale des Sociétés d'Auteurs et

⁴ It is important to note, however, that this distinction is not strictly true. In *Ibcos Computers Limited and Another v. Barclays Mercantile Highland Finance Limited* [1994] FSR 274 at 291, Jacob J. noted: The true position is that where an 'idea' is sufficiently general, then even if an original work embodies it, the mere taking of that idea will not infringe. But if the 'idea' is detailed, then there may be infringement; it is a question of degree. The same applied whether the work is functional or not, and whether visual or literary. In this latter field, the taking of a plot (i.e. the 'idea') of a novel or play can certainly infringe – if that plot is a substantial part of the literary work. The case of *Anacon Corporation v. Environmental Research Technology Ch. D 21 April 1994 (unreported)* seems to blur this distinction even further by equating the information derived from the original copyright work with the work itself. Note, however, that non-disclosure and non-competition agreements are probably the single best way to protect the ownership of ideas and information that are not subject to the laws of copyright or trademark. The law of 'idea misappropriation' offers the aggrieved creator a legal mechanism for the protection of 'mere ideas.' However, the remedy is the 'fair market value' of the idea, and this is typically less attractive than a claim for copyright infringement which, unlike idea misappropriation cases, will force the infringer to pay attorney's fees.

⁵ http://www.wipo.int/copyright/en/activities/wct_wppt/wct_wppt.html.

Compositeurs (CISAC), while reprographic rights organizations are federated in the International Federation of Reproduction Rights Organisations (IFRRO) and, increasingly, through projects initiated in collaboration with WIPO.

3.2 Copyright Law in the OECS

In the Member States of the OECS that are British Overseas Territories, namely the British Virgin Islands and Montserrat, the copyright law of the United Kingdom applies. In Anguilla, copyright is governed by the UK 1956 Act as amended by the Revised Statutes of 2002, which made Anguillian law WTO compliant. In the other six Member States, mainly through pressure to accede to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), copyright laws have been reformed over the past 15 years to comply with TRIPS and the Berne Convention. Grenada revised its Copyright Act in 1989; however, because the enactment was before TRIPS, Grenada brought a new fully TRIPS-compliant law to Parliament, which took effect on the 26th of April 2012. Although the laws of the six independent OECS countries are now entirely domestic legislation, there is considerable variation among the laws of each country. In many instances these differences are merely stylistic but in some cases these differences are significant.

In Antigua and the Federation of St. Kitts and Nevis, the compulsory recording license of the Imperial Copyright Act of 1911 of the UK is maintained, although in St. Kitts the prospective producer of sound recordings can only avail himself of the compulsory license if the previous sound recordings of the musical work have ceased being manufactured or imported into the Federation. In Antigua, the author is given only a short 4-month period before others are allowed to record his work without his permission. In the case of Antigua, the statutory rate is to be set by regulations which do not yet exist. In most modern copyright laws the compulsory recording license has been abandoned as being an unnecessary and unwarranted restriction on the freedom of the creator to control how his work is used. In Dominica and Grenada, the compulsory recording license has been abandoned and the creator is fully able to determine who can record his musical works, and how. All members of the OECS are members of the Berne Convention and thus copyright works from all member countries are fully protected in the OECS as well as in all Convention countries.

With respect to intra-OECS protection for related rights, as of July 15th 2010 only Dominica and St. Lucia were signatories to the Rome Convention and, while the Dominican law is fully compliant with the two WIPO internet treaties, to date only St. Lucia has acceded to these treaties, while St. Vincent and the Grenadines has acceded to the WPPT. The fact that only two countries are members of the Rome Convention, which is the main international instrument governing related/neighborly rights, considerably complicates the administration of these rights in the OECS. Related or neighboring rights have varying degrees of protection in the OECS. In the British dependencies as well as Dominica and St. Lucia, these rights are fully protected locally and internationally. In both Antigua and St. Vincent and the Grenadines, the law grants protection to owners of related rights to all citizens and/or residents of countries party to the Berne Convention rather than the Rome Convention.⁶ This anomaly means that for practically all foreign countries these rights are protected in Antigua and Barbuda and St. Vincent and the Grenadines.

However, the fact that neither of these countries are members of the Rome Convention means that their citizens' related or neighboring rights are not protected outside their borders, not even in other OECS member States. Thus, the sound recordings of an Antiguan performer or record producer can be reproduced, broadcast or performed in public in any other island of the OECS or elsewhere in the world quite legally without authorization from the performer or the record producer. Further, equitable remuneration need not be paid for the public performance of these recordings.

3.3 Collective Management Practice and International Cooperation in the OECS

Up until January 1, 2009, the UK-based PRS for Music administered performing rights in musical works in all OECS Member States, with the exception of St. Lucia. In 2000, the Hewannora Musical Society (HMS) Inc. was incorporated in St. Lucia and was the first national collective management organization (CMO) to be established in the Eastern Caribbean. In its 10 years of operation, HMS' membership of songwriters, composers, lyricists and music publishers grew from 70 members to 290, royalty collections grew from

⁶ The laws make provision for protection to be extended to foreign countries by the proclamation of orders. However in both cases the orders in question make reference to the member countries of the Berne Convention (which deals with copyright) rather than the Rome Convention which deals with related or neighbouring rights.

EC\$277,601 to EC\$580,193 and royalty distributions grew from EC\$45,434 to EC\$300,000 during the period 2001 to 2008, respectively.

In the countries of the OECS where no local society existed, PRS for Music was responsible for the administration of collective management and from time to time it appointed agents to handle licensing and royalty collections in the islands of Montserrat, Antigua and Barbuda. PRS for Music also operated an agency in Dominica for several years up to 2009. Songwriters and composers in OECS Member States with no PRS agent, such as St. Vincent and the Grenadines and Grenada, from time to time explored and attempted to establish their own national CMOs; however, such initiatives were not financially feasible. In 2007, the regional grouping of CMOs then called Caribbean Copyright Link (CCL), commenced negotiations with PRS with the aim of establishing a sub-regional CMO. A business case which relied on the already established common political, financial and judicial institutions such as the OECS, the Eastern Caribbean Central Bank, and the Eastern Caribbean Supreme Court including the Court of Appeal was eventually accepted by PRS. Through assistance from WIPO, CCL conducted a series of consultations with rights owners in some OECS Member States in 2008 with a view to achieving national support for the concept of a sub-regional CMO for the Eastern Caribbean.

HMS changed its name to the Eastern Caribbean Collective Organisation for Music Rights (ECCO) and its constitution. Effective from January 1st 2009, PRS relinquished control over the other Member States and transferred its performing right licenses to ECCO. HMS' membership in CISAC was in effect transferred, as ECCO received official recognition as a full CISAC member at CISAC's 2009 General Assembly. At the end of its first year of operation, 2009, ECCO had increased its membership by 72 to total 349, achieved gross royalty collections of EC\$738,422 from licenses in St. Lucia & Dominica and distributed EC\$ 200,000 at its first distribution in July 2010. By December 2011, membership had grown to 423 with revenues of EC\$973,050, a 27% increase over the performance of 2010 which allowed ECCO to increase its distributable surplus by 100% to EC\$400,000.

3.4 Definition of Copyright Industries and Scope of Measurement

The copyright and related rights industries are defined as those industries in which 'copyright plays an identifiable role' in creating tradable private economic (property) rights and income from use of these economic rights (WIPO, 2003:18, 22).⁷ That is, they use the protection of original expression provided by copyright and related rights, and, in particular, their protection by actual enforcement or threat of it, as the basis for investment, employment, and, ultimately, generation of income from sale of a product or service or sale of the (economic) rights themselves. The definition takes account of the role of government as regulator. The terms 'copyright-based industries' and 'creative industries' are used interchangeably in this study.

According to WIPO (2003), these industries are appropriately classified for statistical measurement into four broad groups of copyright activities:

1. **Core copyright industries**, which exist to create, produce, and/or distribute copyright materials. Creation and production include performance, broadcasting, communication, and exhibition (WIPO, 2003:28), which themselves subcategorize into the following products and services:
 - (a) Press and literature.
 - (b) Music, theatrical productions, opera.
 - (c) Motion picture, video and sound.
 - (d) Radio and television.
 - (e) Photography.
 - (f) Visual and graphic arts, related professional and technical services.
 - (g) Software, databases and new media.
 - (h) Advertising services.
 - (i) Copyright collective management societies.
2. **Interdependent copyright industries**, which are engaged in the production, manufacture and sale of equipment that facilitate copyright activity (WIPO, 2003:33). Such equipment includes TV sets, radios,

⁷ WIPO publication No. 893.

DVD players, electronic game consoles, computers, musical instruments, photographic instruments, blank recording material, and paper.

3. **Partial copyright industries**, whose main activities may not be copyright but include a significant component of products and services that are based on copyright as defined in (1) above. These include museums, jewelry, coins, architecture, engineering, surveying, interior design, and furniture design, etc.
4. **Non-dedicated support industries**, which are the distribution industries that facilitate broadcasting, communication, and distribution or sales of copyright-based activities that are not classified as core copyright activities. These industries serve to measure spillover effects of the core, interdependent and partial copyright industries. They deal in wholesale and retail, general transportation, telephony and the internet.

Tables 3.1 and **3.2** below summarize the applicability of the legislation of the members of the OECS to the core copyright industries as enumerated above. In general, all the legislative texts provide adequate protection for the identified copyright industries. With the exception of Dominica and St. Vincent and the Grenadines, which provide copyright protection for life plus 70 years and 75 years, respectively, all the legislative texts of the other countries make provision for the minimum period of protection of life plus 50 years as mandated by the Berne Convention.

As far as related or neighboring rights are concerned, all the countries have opted for the minimum period of protection of 50 years from date of fixation, publication and/or making available of sound recordings and broadcasts to the public. Thus, it will be interesting to see what the findings of the study can reveal about the strategic value of extending these terms.

The legislation of every member country of the OECS recognizes that collective management requires a large degree of monopoly control by collective management bodies. All the texts, therefore, contain provisions for supervision and/or review by the High Court of licensing schemes (rates) that are set by CMOs, to prevent abuse of the *de facto* or *de jure* monopoly status enjoyed by such organizations. The only exception is Antigua and Barbuda, where provision is made for a copyright tribunal. Only the legislations of St. Lucia and St. Vincent and the Grenadines make expressed provision for state regulation of CMOs.

Table 3.3 below summarizes the membership and dates of entry into force of the main international conventions relating to copyright and related rights. All independent Member States of the OECS are members of the WIPO-administered Berne Convention and the World Trade Organization's TRIPS Agreement. However, membership by independent member countries of the OECS of the WIPO-administered treaties the Rome Convention, the WIPO Copyright Treaty (WCT) and the WIPO Phonograms and Performance Treaty (WPPT) varies, as does membership of the UN-administered treaties relating to cultural heritage and cultural diversity.

Table 3.1: Summary of Subject Matter & Duration of Protection of Copyright & Neighboring Rights in OECS

	Press & Literature	Music & Theatrical Productions	Motion Picture & Video & Sound	Radio & Television	Photography, Graphic & Visual Arts	Software & Databases	Advert. Services	Collective Management Societies
Antigua & Barbuda	Life + 50 years Protection of folklore	Life + 50 years Protection of folklore Performers' rights: 50 years from fixation or performance.	50 years from making of work / making available to the public	50 years from broadcast	Life + 50 years	50 years from making / publication of work	√	Copyright Tribunal re: licensing schemes
Commonwealth of Dominica	Life + 70 years Protected upon creation Protection of folklore	Life + 70 years. Protected upon creation Performers' rights: 50 years from fixation or performance Protection of folklore	50 years from making of work / making available to the public Sound recording: 50 years from publication or fixation	50 years from broadcast	Life + 70 years Protected upon creation	50 years from making of work	√	√High Court jurisdiction re licensing schemes
Grenada	Life + 50 years	Life + 50 years Performers' rights: 50 years. from performance	Neighboring Rights 50 years from publication	Neighboring Rights 50 years from broadcast	Photographs: 25 years. from publication	√Software Duration of protection life Plus 50 Protection of databases 50 years	√	√High Court jurisdiction re licensing disputes
Saint Kitts and Nevis	Life + 50 years	Life + 50 years Performers' rights: 50 years. from performance	50 years from making of work / making available to the public	50 years from broadcast	Life + 50 years	50 years from making of work	√	√High Court jurisdiction re licensing schemes & licensing bodies

Table 3.1: Summary of Subject Matter & Duration of Protection of Copyright & Neighboring Rights in OECS (continued)

Saint Lucia	Life + 50 years	Life + 50 years Performers' rights: 50 years from performance	50 years from making of work / making available to the public	50 years from broadcast	Life + 50 years	50 years from making of work	✓	✓ Subject to regulation by Gov't High Court jurisdiction re licensing schemes & licensing bodies
Saint Vincent and the Grenadines	Life + 75 years	Life + 75 years Performer's rights: 50 years. from performance	50 years from making of work / making available to the public	50 years from broadcast	Life + 75 years	50 years from making of work	✓	✓ Subject to regulation by Government High Court jurisdiction re licensing schemes & bodies
British Overseas Territories: Anguilla BVI Montserrat	Life + 50 years	Life + 50 years	50 years from publication	50 years from broadcast	Photographs: 50 years. from publication			

Table 3.2: Summary of Economic Rights Protected in the OECS

	Right of Reproduction	Right of Translation	Right of Adaptation, Arrangement & other alteration	Right of Public Performance	Right of Broadcasting	Right of Communication to the Public	Right of Distribution	Right of Rental
Antigua & Barbuda	To copy		√	√	√	Inclusion in cable program service	To issue copies	√ Public lending included
Commonwealth of Dominica	√	√	√	√ Public Display included	√	√	√ Importation included	Public lending included
Grenada	√ Right of Publication included		Adaptation	√	√	Communication by cable	√	
Saint Kitts and Nevis	To copy		Adaptation	√	√	Inclusion in cable program service	To issue copies	

Table 3.3: Summary of Copyright and Related Rights Treaties in Force in OECS

	Berne	Rome	TRIPS	WCT	WPPT	Convention concerning the Protection of the World Cultural and Natural Heritage	Convention on the Protection and Promotion of the Diversity of Cultural Expressions
Antigua & Barbuda	March 17, 2000		January 1, 1995			February 1, 1984	
Commonwealth of Dominica	August 7, 1999	November 9, 1999	January 1, 1995			July 4, 1995	
Grenada	September 22, 1998		February 22, 1996			November 13, 1998	April 15, 2009
Saint Kitts and Nevis	April 9, 1995		February 21, 1996				
Saint Lucia	August 24, 1993	August 17, 1996	January 1, 1995	March 6, 2002	May 20, 2002	January 14, 1992	May 1, 2007
Saint Vincent and the Grenadines	August 29, 1995		January 1, 1995		February 12, 2011	May 3, 2003	
British Overseas Territories: Anguilla British Virgin Islands Montserrat							

4. ECONOMIC BACKGROUND

This background provides empirical context for the main estimates of the Study. As such, it provides historical data on GDP, employment and trade, as well as on the structure of these core variables.

4.1 Population

Table 4.1 below provides selected data on the OECS population since 2000. The total population of the OECS is estimated to be about, 635,395⁸ persons, as of 2009. St. Lucia, at an estimated 172,189 is the most populous, followed by St. Vincent and the Grenadines at 100,209, while Montserrat at roughly 5,924 has the smallest population.⁹ **Table 4.2** describes the population shares since 2000. Population growth has generally been slow, averaging 0.7% since 2000. The most outstanding fact in the data appears to be that Dominica has lost population at an annual rate of 0.2% over the decade (**Table 4.3**). A major cause of the loss of population was out-migration (emigration). The NSO in Dominica estimates that in 2001 Dominicans constituted 5.2% of Antigua's population while the BVI population had 3.2% Dominicans.¹⁰ These figures indicate a movement of population from relatively disadvantaged economies to faster growing ones within the sub-region.

Table 4.1: OECS Population, 2000-2009

Year	Anguilla	Antigua & Barbuda	BVI	Dominica	Grenada	Montserrat	St. Kitts and Nevis	St. Vincent & Grenadines	St. Lucia	All Countries
2000	11158	77134	20522	68067	101208	4958	46053	107857	157156	594113
2001	11590	78658	20866	67949	101402	4636	46664	107953	158888	598606
2002	12095	80024	21180	67843	101634	4688	47276	108116	160499	603355
2003	12641	81260	21468	67738	101903	4990	47889	108321	162040	608250
2004	13177	82418	21743	67613	102194	5351	48509	108531	163588	613124
2005	13668	83534	22013	67456	102500	5628	49138	108716	165197	617850
2006	14101	84612	22279	67262	102823	5789	49774	108872	166884	622396
2007	14486	85641	22539	67040	103169	5875	50417	109005	168628	626800
2008	14832	86634	22793	66818	103538	5905	51065	109117	170409	631111
2009	15155	87600	23039	66634	103930	5924	51715	109209	172189	635395

Source: UN Statistical Division

⁸ Estimates provided by OECS/EDU.

⁹ Before the 1995 eruption of Soufriere Hills Volcano, Montserrat's population was estimated at twelve thousand.

¹⁰ Demographic Statistics No 5, 2008, Central Statistical Office, Ministry of Finance, Roseau, Dominica.

Table 4.2: Population Structure, OECS Member States, 2000-2009

Year	Anguilla	Antigua & Barbuda	BVI	Dominica	Grenada	Montserrat	St. Kitts - Nevis	St. Vincent & Grenadines	St. Lucia	All Countries
2000	0.019	0.130	0.035	0.115	0.170	0.008	0.078	0.182	0.265	1
2001	0.019	0.131	0.035	0.114	0.169	0.008	0.078	0.180	0.265	1
2002	0.020	0.133	0.035	0.112	0.168	0.008	0.078	0.179	0.266	1
2003	0.021	0.134	0.035	0.111	0.168	0.008	0.079	0.178	0.266	1
2004	0.021	0.134	0.035	0.110	0.167	0.009	0.079	0.177	0.267	1
2005	0.022	0.135	0.036	0.109	0.166	0.009	0.080	0.176	0.267	1
2006	0.023	0.136	0.036	0.108	0.165	0.009	0.080	0.175	0.268	1
2007	0.023	0.137	0.036	0.107	0.165	0.009	0.080	0.174	0.269	1
2008	0.024	0.137	0.036	0.106	0.164	0.009	0.081	0.173	0.270	1
2009	0.024	0.138	0.036	0.105	0.164	0.009	0.081	0.172	0.271	1

Source: UN Statistical Division

Table 4.3: OECS Population Growth, 2000-2009

Year	Anguilla	Antigua & Barbuda	BVI	Dominica	Grenada	Montserrat	St. Kitts - Nevis	St. Vincent & Grenadines	St. Lucia	Average All Countries
2000	3.2%	2.2%	1.9%	-0.2%	0.1%	-13.4%	1.3%	0.0%	1.2%	0.7%
2001	3.9%	2.0%	1.7%	-0.2%	0.2%	-6.5%	1.3%	0.1%	1.1%	0.8%
2002	4.4%	1.7%	1.5%	-0.2%	0.2%	1.1%	1.3%	0.2%	1.0%	0.8%
2003	4.5%	1.5%	1.4%	-0.2%	0.3%	6.4%	1.3%	0.2%	1.0%	0.8%
2004	4.2%	1.4%	1.3%	-0.2%	0.3%	7.2%	1.3%	0.2%	1.0%	0.8%
2005	3.7%	1.4%	1.2%	-0.2%	0.3%	5.2%	1.3%	0.2%	1.0%	0.8%
2006	3.2%	1.3%	1.2%	-0.3%	0.3%	2.9%	1.3%	0.1%	1.0%	0.7%
2007	2.7%	1.2%	1.2%	-0.3%	0.3%	1.5%	1.3%	0.1%	1.0%	0.7%
2008	2.4%	1.2%	1.1%	-0.3%	0.4%	0.5%	1.3%	0.1%	1.1%	0.7%
2009	2.2%	1.1%	1.1%	-0.3%	0.4%	0.3%	1.3%	0.1%	1.0%	0.7%

Source: UN Statistical Division

4.2 Labor Force and Employment

Table 4.4 shows employment by industry group from 2000 to 2009 for St. Lucia. The data show that the total labor force grew over the decade since 2000, to an estimated 70,930 in 2009, but with some very moderate irregularity over the period, as illustrated in **Figure 4.1**. **Table 4.5** reports employment share by industry from 2000 to 2009. The data indicate that the nature of employment has been changing over time. In 1994, 24.6% of the employed in St. Lucia were in agriculture; this share fell steadily over the period to 8.32% in 2009. Manufacturing showed a similar decline in its contribution to employment, moving from 12.11% of the total in 1994 to an estimated 5.09% in 2009. At the same time, hotels and restaurants (a proxy for tourism) grew slowly but steadily as a source of employment. In 1994, 4,490 persons, 8.59% of employment, were in this sector, but by 2009, 8,800 persons or 13.6% of total employment were in the sector, a doubling of the numbers employed in the sector over the period. The peak year for employment in the hotel and restaurant sector was 2008, when 9,395 workers or 13.06% of the total employed worked in hotels and restaurants. Clearly, employment opportunities in St. Lucia have shifted away from agriculture and manufacturing and towards services led by tourism, wholesale and retail and government services. It is in these same emerging sectors that much of the copyright sector contributions to employment are embedded. This shift in employment is common to all Member States of the OECS and mirrors the changing structure of their GDP.

Table 4.4: Employment by Industry Group, 1994 to 2000

Year	Total	Agric	Fishing	Manu	Elect	Cons	Trade	Hotels & Rests	Trans	Fin	Real Estate	Public Admin	Educ	Health	Other	Private	Other	Not Stated
2000	63470	12350	845	6200	685	5995	11345	6585	4095	985	1305	7530	1140	600	1505	1455	165	
2001	48412	5161	41	4561	631	4438	8348	6255	3601	1202	1741	4395	3182	683	1807	1671	95	NA
2002	58525	6685	450	4455	615	4825	8600	6165	3185	865	1600	6900	1880	280	1380	1980	280	8380
2003	63868	7690	595	4608	560	4978	10408	6755	4165	1243	2135	7310	2070	593	1640	2145	215	6760
2004	62265	8490	753	4668	428	4928	9778	6760	3325	1153	2535	8180	1058	385	1953	1850	180	5845
2005	65773	7883	713	4823	738	7118	10543	8010	4065	1160	2543	9105	1145	530	2255	1783	248	3115
2006	67768	7648	695	4188	628	8230	10280	8110	3335	1503	2683	8588	1123	493	2310	2285	228	4845
2007	71183	8325	995	4213	343	9468	10443	8385	4520	983	2623	10740	883	465	1760	2328	280	4433
2008	71925	7778	785	3658	440	8973	10878	9395	4670	1348	2913	10173	943	483	2373	2310	320	4490
2009	70300	5850	510	3860	490	7690	9420	8800	3960	1460	2810	10150	1390	510	3600	2280	250	7270

Source: CSO, St. Lucia

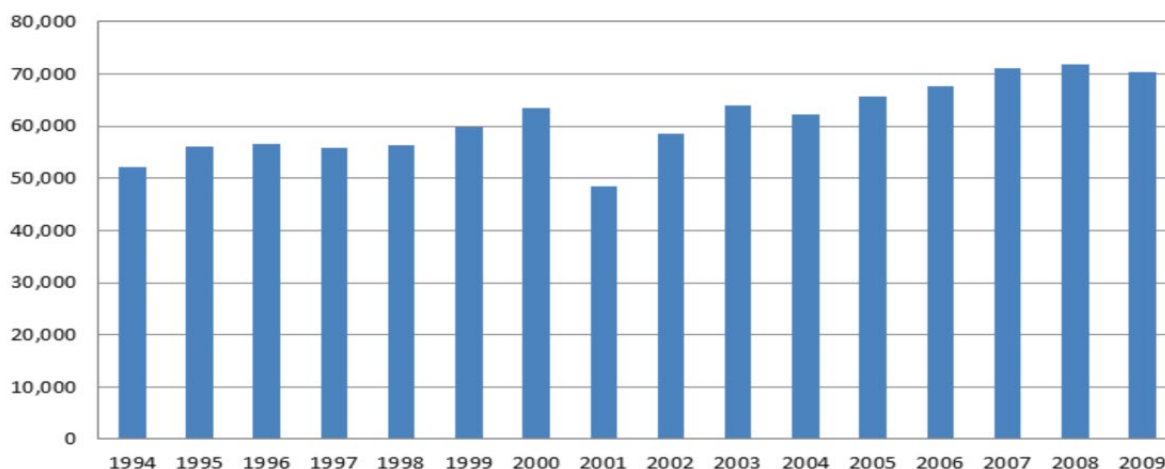
Table 4.5: Employment Share by Industry, 2000 to 2009

Year	Agric	Fishing	Mfg	Elect	Const	Trades	Hotels & Rest	Trans	Finc	Restate	PA	Educ	Health	Com	Private	Other	Not Stated
2000	0.195	0.013	0.098	0.011	0.095	0.179	0.104	0.065	0.016	0.021	0.119	0.018	0.010	0.024	0.023	0.003	0.01
2001	0.107	0.001	0.094	0.013	0.092	0.172	0.129	0.074	0.025	0.036	0.091	0.066	0.014	0.037	0.035	0.002	NA
2002	0.114	0.008	0.076	0.011	0.082	0.147	0.105	0.054	0.015	0.027	0.118	0.032	0.005	0.024	0.034	0.005	0.14
2003	0.120	0.009	0.072	0.009	0.078	0.163	0.106	0.065	0.020	0.033	0.115	0.032	0.009	0.026	0.034	0.003	0.11
2004	0.136	0.012	0.075	0.007	0.079	0.157	0.109	0.053	0.019	0.041	0.131	0.017	0.006	0.031	0.030	0.003	0.09
2005	0.120	0.011	0.073	0.011	0.108	0.160	0.122	0.062	0.018	0.039	0.138	0.017	0.008	0.034	0.027	0.004	0.05
2006	0.113	0.010	0.062	0.009	0.121	0.152	0.120	0.058	0.022	0.040	0.127	0.017	0.007	0.034	0.034	0.003	0.07
2007	0.117	0.014	0.059	0.005	0.133	0.147	0.118	0.064	0.014	0.037	0.151	0.012	0.007	0.025	0.033	0.004	0.06
2008	0.108	0.011	0.051	0.006	0.125	0.151	0.131	0.065	0.019	0.041	0.141	0.013	0.007	0.033	0.032	0.004	0.06
2009	0.083	0.007	0.055	0.007	0.109	0.134	0.125	0.056	0.021	0.040	0.144	0.020	0.007	0.051	0.032	0.004	0.10

Source: CSO, St. Lucia



Figure 4.1: Total Employment in St. Lucia, 1994-2009



The shift towards services in the St. Lucian economy had a positive effect on the number of jobs created, but not on the rate of unemployment. In 1994, when 24.6 % of employment was in agriculture, the rate of unemployment was 17.09% with a relaxed unemployment rate of 21.83%.¹¹ In 2009, the rate of unemployment had grown to 19.69% with a relaxed unemployment rate of 25.32%. Over the period the rate of unemployment never fell below 15% and the relaxed rate was never below 20% (Table 4.6). One reason for the joint growth of unemployment and the number employed is that the labor force participation rate increased from 65.9% in 1994 to as much as 80% in 2008. It would be interesting to see if the estimates of the contribution of the copyright sector reveal that another reason is underinvestment to exploit the growth possibilities of the copyright sector that is embedded in many of the growth segments of the economy.

Data on unemployment show where there are underutilized potential for the development of the economy and, in particular, of sectors such as the copyright-based industries. While unemployment exists in all age categories, the youth, ages 15 to 24, experience the highest rate of unemployment. Table 4.7 shows youth unemployment as a percentage of total unemployed in St. Lucia from 2000 to 2009. The data show that unemployment among the youth in the country is very high, accounting for more than 40% of the total unemployed in most years. There is evidence that the situation is not unique to St. Lucia, but is general for the OECS particularly the Windward Islands.¹² Table 4.8 below shows the comparative rates of unemployment by age category for a number of OECS countries. The rate of youth unemployment is consistently much higher than for older adults.

Table 4.9 shows a labor force participation rate of 89.95% in the BVI, for every year from 2001 to 2008. Even at this high participation rate, the BVI had only minimal unemployment of 3.1% every year during the same period. The table also shows that ‘foreigners’ accounted for as much as 73.8% of the labor force in 2008.

¹¹ The relaxed unemployment rate measures the total of the unemployed (those looking for work unsuccessfully) and those persons who have stopped looking for work but would work if jobs were available.
¹² The Windward Islands comprise Grenada, St. Vincent and the Grenadines, St. Lucia and Dominica. The Leeward Islands are Antigua and Barbuda, St. Kitts and Nevis, and Montserrat and Anguilla.

Table 4.6: Unemployment Rate, St. Lucia

Year	Unemployment Rate	Relaxed Unemployment Rate
2000	0.2134	0.2746
2001		
2002	0.1558	0.2011
2003	0.2228	0.2877
2004	0.2291	0.2913
2005	0.209	0.2653
2006	0.2139	0.2653
2007	0.2102	0.2652
2008	0.1989	0.2516
2009	0.1969	0.2532

Source: CSO, St. Lucia

Table 4.7: Youth Unemployment in St. Lucia, 2000-2009

Year	Unemployed	Youth Unemployed	Youth Unemployed as % of Total Unemployed
2000	14395	6690	46.5%
2001			
2002	15220	6865	45.1%
2003	18205	6477.5	35.6%
2004	16528	6620	40.1%
2005	15125	6782.5	44.8%
2006	13540	5657.5	41.8%
2007	11565	4467.5	38.6%
2008	13575	5330	39.3%
2009	15845	6425	40.5%

Source: Central Statistical Office, St. Lucia

Table 4.8: Youth Unemployment, various years, OECS

	Year of Source Data	Youth	Adult	Youth Share of Unemployed
Antigua and Barbuda	1991	13	4.2	47
Dominica	2001	56	16.7	50.1
Grenada	1998	23.9	9.2	49
St. Kitts and Nevis	2001	11	3.6	44
St. Lucia	2001	36.8	11.7	48.6
St. Vincent and the Grenadines	2001	39.4	15.3	45.3
OECS		31.9	10.8	47.6

Sources: Halcrow (2002), Survey of Living Conditions, Dominica; country labor force surveys, censuses.

Table 4.9: Employment in the BVI – Selected Statistics, 2001 to 2008

	2001	2002	2003	2004	2005	2006	2007	2008
Employed	14,290	14,440	14,815	15,518	16,232	16,939	17,931	19,098
Labor Force Participation Rate	89.95	89.95	89.95	89.95	89.95	89.95	89.95	89.95
Unemployment Rate	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Gender								
Male	7,151	7,143	7,318	7,648	7,978	8,460	8,902	9,384
Female	7,133	7,253	7,461	7,847	8,215	8,460	8,953	9,533
Not Stated	6	44	36	23	39	19	76	181
Total	14,290	14,440	14,815	15,518	16,232	16,939	17,931	19,098
Work Status								
Part time	3,503	3,686	3,474	3,669	3,930	4,635	5,745	5,100
Full time	10,787	10,754	11,341	11,849	12,302	12,304	12,186	13,998
Not Stated	0	0	0	0	0	0	0	0
Total	14,290	14,440	14,815	15,518	16,232	16,939	17,931	19,098
Residence Status								
B V Islanders	3,765	3,818	3,971	4,086	4,252	4,317	4,546	4,601
Foreigners	8,195	8,286	9,252	9,878	10,469	10,264	11,874	12,944
Not Stated	2,330	2,336	1,592	1,554	1,511	2,358	1,511	1,553
Total	14,290	14,440	14,815	15,518	16,232	16,939	17,931	19,098

Source: NSO, BVI

As a result of the colonial status of the BVI and the dominance of the economy by offshore activities particularly company incorporation, employment is dominated by government services. Government accounted for 31% or more of all jobs between 2001 and 2007, and for about 28% of all jobs in 2008. Hotels and restaurants, the core of the tourism sector, accounts for between 18% and 22% of all jobs over the same period (**Table 4.10**). Further, most occupations were clerks and elementary works (**Table 4.11**).

Table 4.10: Distribution of Employment by Industry (%), BVI

Sector	2001	2002	2003	2004	2005	2006	2007	2008
Agriculture, Hunting and Forestry	0.13	0.15	0.19	0.21	0.26	0.27	0.36	0.36
Fishing	0.08	0.1	0.05	0.07	0.07	0.08	0.07	0.09
Mining and Quarrying	0.24	0.19	0.18	0.15	0.15	0.12	0.12	0.13
Manufacturing	2.38	2.47	2.41	2.44	2.52	2.63	2.64	2.39
Electricity, Gas and Water	0	0	0	0	0	0	0	0
Construction	8.46	8.59	8.44	8.67	8.21	8.53	9.12	9.18
Wholesale and Retail Trade	12.23	12.32	12.02	12.55	12.78	12.5	12.34	11.62
Hotel and Restaurants	21.92	21.18	21.07	20.78	20.43	19.95	20	18.49
Transport and Communications'	4.45	4.5	4.4	4.43	4.27	4.69	3.57	3.38
Financial Intermediation	2.29	2.19	2.17	2.16	2.25	2.3	2.28	2.1
Real Estate, Renting and Business Activity	9.59	9.36	9.82	10.02	9.96	10.38	10.83	10.04
Government Services	31.72	32.24	32.21	31.34	31.73	31.25	30.65	27.86
Education	1.09	1.3	1.36	1.55	1.47	1.41	1.85	1.72
Health and Social Work	0.71	0.73	0.72	0.66	0.71	0.7	0.89	0.66
Other Community, Social and Personal Services	2.51	2.48	2.57	2.57	2.93	2.95	2.94	2.89
Private Households with employed persons	2.18	2.16	2.35	2.35	2.21	2.22	2.16	2.13
Extra-territorial organizations and bodies	0	0	0	0	0	0	0	0
Not Stated	0.01	0.05	0.03	0.06	0.06	0.02	0.19	6.95
Total	100	100	100	100	100	100	100	100

Source: NSO BVI

Table 4.11: Employment by Occupation

Occupation Category	2001	2002	2003	2004	2005	2006	2007	2008
Technicians and Associate Professionals	1,553	1547	1,585	1,595	1,648	1,780	1,787	1,748
Clerks	2,389	2495	2,646	2,763	3,132	3,457	3,602	3,530
Service Workers and Shop and Market Sales Workers	1,349	1336	1,359	1,395	1,483	1,575	1,651	1,737
Skilled Agricultural and Fishery Workers	158	159	160	160	177	178	186	203
Craft and Related Trades Workers	1,194	1185	1,192	1,233	1,260	1,361	1,480	1,618
Plant and Machine Operators and Assemblers	214	204	205	198	211	218	222	217
Elementary Workers	2,311	2301	2,345	2,269	2,410	2,545	2,604	2,632
Not Stated	3,874	3977	4,050	4,592	4,545	4,406	4,915	5,950
Total	13,142	13,304	13,642	14,305	14,966	15,620	16,547	17,742

Source :NSO BVI

In general, with the exception of the British Virgin Islands, the OECS has a considerable pool of unemployed labor seeking gainful employment. With the change in the external trading environment for traditional agricultural exports, bananas in the Windward Islands and sugar in the Leeward Islands, the OECS countries have turned increasingly to services in particular tourism as sources of foreign exchange, income and employment. As the data for St. Lucia demonstrate, this shift in the orientation of the economy has so far not led to full employment.

4.3 GDP – Relative Size and Growth

Table 4.12 provides details of the GDP of OECS Member States in US\$, in 2005 prices, for 2000 to 2009. The BVI is currently the largest of the OECS economies, having gained substantial ground over the last three decades relative to Antigua and Barbuda, the second largest, and St. Lucia, the third largest. In 2000, the BVI had 20.9% of the OECS economy, with St. Lucia the second largest (19.4%) and Antigua and Barbuda the third (17.5%) (**Table 4.13**). Between 2000 and 2009, the BVI maintained an annual growth rate averaging 3.13%, as compared to 3.69% for Antigua and Barbuda and 1.43% for St. Lucia (**Table 4.14**). Thus, by 2009, the BVI was able to remain as the leading economy with 20.4% of the OECS GDP, while Antigua and Barbuda accounted for 19.6% and St. Lucia 18.1%.

The rapid growth and relatively large size of the BVI economy is explained by its ability to seize upon two opportunities that presented themselves in the 1970s. In the first case, the BVI, like most of the OECS, saw tourism as a potentially lucrative industry which utilized the Caribbean's natural assets of sea, sun and sand. However, unlike other destinations which set out to attract hotels onshore, the BVI, as a series of forty small islands, went after the yachting industry and have managed to carve out an enviable niche as one of the best places for yachting in the Caribbean. Simultaneously, because of a double taxation treaty which existed between the BVI and the US, a growing group of wealthy Americans began setting up offshore companies in the territory to take advantage of the tax benefits. When the US cancelled the treaty in 1982 the Territory moved into a new area, International Business Companies (IBC) and offshore trusts. The IMF estimates that the BVI is now the leading jurisdiction for company incorporation and trust services. Since 1984, more than 800,000 company incorporations have been registered in the BVI. The Government derives more than 60% of its revenues from the financial services sector, of which 90% come from company registration and renewal fees (IMF, October 2010, p. 4).¹³

¹³ IMF Country Report No. 10/326 British Virgin Islands: Financial Sector Assessment Program Update Documentation – Technical Note on Corporate and Trust Services Providers, October, 2010.

Table 4.12: GDP of OECS Countries, 1970-2009, Constant 2005 prices, US\$

Year	Anguilla	Antigua & Barbuda	BVI	Dominica	Grenada	Montserrat	St. Kitts and Nevis	St. Vincent & Grenadines	St. Lucia	All Countries
2000	124,200,894	701,657,518	838,523,918	288,521,727	496,604,764	41779508	372606153	374,252,524	781,292,921	4,019,439,927
2001	127,420,598	717,116,557	890,463,325	277,700,351	477,177,480	38,913,352	380,236,076	377,851,106	736,320,041	4,023,198,885
2002	125,589,997	735,279,347	870,906,354	266,562,277	487,397,415	41,465,739	384,126,181	391,731,351	756,026,772	4,059,085,434
2003	128,884,540	773,783,489	765,438,600	272,380,914	528,553,821	40,180,494	385,941,178	404,444,627	791,292,302	4,090,899,966
2004	156,696,754	829,706,404	848,640,000	289,487,921	494,347,193	42,901,834	415,403,087	42,290,265	827,958,503	4,334,431,961
2005	169,737,037	868,492,593	931,000,000	299,251,852	553,852,963	43,088,889	438,714,815	437,777,778	879,307,407	4,621,233,333
2006	214,234,158	978,125,820	954,205,122	317,969,183	543,183,67	40,536,501	462,870,459	480,318,157	910,381,742	4,901,824,909
2007	253,495,165	1,075,869,349	970,924,357	333,412,189	567,801,251	41,127,835	472,251,796	529,808,941	928,082,107	5,172,772,991
2008	256,860,241	1,102,556,737	995,603,801	343,219,061	572,925,052	43,873,311	494,135,804	534,615,618	935,925,009	5,279,714,634
2009	191,394,719	975,524,189	1,018,119,686	342,451,473	534,031,751	45,454,222	454,437,081	521,342,395	900,009,115	4,982,764,631

Source: UNSD

Table 4.13: Relative Sizes of OECS Economies

Year	Anguilla	Antigua & Barbuda	BVI	Dominica	Grenada	Montserrat	St. Kitts and Nevis	St. Vincent & Grenadines	St. Lucia	All Countries
2000	0.031	0.175	0.209	0.072	0.124	0.010	0.093	0.093	0.194	1.0
2001	0.032	0.178	0.221	0.069	0.119	0.010	0.095	0.094	0.183	1.0
2002	0.031	0.181	0.215	0.066	0.120	0.010	0.095	0.097	0.186	1.0
2003	0.032	0.189	0.187	0.067	0.129	0.010	0.094	0.099	0.193	1.0
2004	0.036	0.191	0.196	0.067	0.114	0.010	0.096	0.099	0.191	1.0
2005	0.037	0.188	0.201	0.065	0.120	0.009	0.095	0.095	0.190	1.0
2006	0.044	0.200	0.195	0.065	0.111	0.008	0.094	0.098	0.186	1.0
2007	0.049	0.208	0.188	0.064	0.110	0.008	0.091	0.102	0.179	1.0
2008	0.049	0.209	0.189	0.065	0.109	0.008	0.094	0.101	0.177	1.0
2009	0.038	0.196	0.204	0.069	0.107	0.009	0.091	0.105	0.181	1.0

Source: UNSD

Table 4.14: GDP Growth by Member State, OECS 2000-2009

Year	Anguilla	Antigua & Barbuda	BVI	Dominica	Grenada	Montserrat	St. Kitts - Nevis	St. Vincent & Grenadines	St. Lucia	All Countries
2000	1.30%	1.50%	9.70%	0.60%	12.00%	-3.60%	4.30%	1.80%	-0.50%	4.10%
2001	2.60%	2.20%	6.20%	-3.80%	-3.90%	-6.90%	2.00%	1.00%	-5.80%	0.10%
2002	-1.40%	2.50%	-2.20%	-4.00%	2.10%	6.60%	1.00%	3.70%	2.70%	0.90%
2003	2.60%	5.20%	-12.10%	2.20%	8.40%	-3.10%	0.50%	3.20%	4.70%	0.80%
2004	21.60%	7.20%	10.90%	6.30%	-6.50%	6.80%	7.60%	6.10%	4.60%	6.00%
2005	8.30%	4.70%	9.70%	3.40%	12.00%	0.40%	5.60%	2.00%	6.20%	6.60%
2006	26.20%	12.60%	2.50%	6.30%	-1.90%	-5.90%	5.50%	9.70%	3.50%	6.10%
2007	18.30%	10.00%	1.80%	4.90%	4.50%	1.50%	2.00%	10.30%	1.90%	5.50%
2008	1.30%	2.50%	2.50%	2.90%	0.90%	6.70%	4.60%	0.90%	0.80%	2.10%
2009	-25.50%	-11.50%	2.30%	-0.20%	-6.80%	3.60%	-8.00%	-2.50%	-3.80%	-5.60%
Average	5.53%	3.69%	3.13%	1.86%	2.08%	0.61%	2.51%	3.62%	1.43%	2.66%

Source: UNSD

4.4 Sector Contributions to GDP, Structure and Growth

The data on the sector contributions to GDP form the background for considering the comparative contributions of the copyright sector. The matching ISIC 3.1 categories are indicated here and described in **Annex 1**, in particular: (i) Agriculture, hunting, forestry, fishing (ISIC A-B); (ii) Mining; (iii) Manufacturing; (iv) Utilities (ISIC C-E); (v) Manufacturing (ISIC D); (vi) Construction (ISIC F); (vii) Wholesale, retail trade, restaurants and hotels (ISIC G-H); (ix) Transport, storage and communication (ISIC I); and (x) Other activities (ISIC J-P). While cognizant of the particularities of the economy of each member State, the aggregation across the OECS countries is reasonable because: (i) the UNSD uses mainly IMF market exchange rates for tradable commodities that are essentially comparable within the OECS economies, all of which use a common currency, the OECS dollar, or use the US dollar as their main trading currency; and (ii) most of the outputs of the OECS economies are traded.¹⁴

That is, these countries produce primarily for export, and import the majority of their consumer supplies.

¹⁴ Details of the method used by the UNSD for generating comparable series across countries at <http://unstats.un.org/unsd/snaamaa/estimationProcess.asp>. In brief, the method is reported as follows: The current and constant price series are converted into US Dollars by applying the corresponding exchange rates as reported by the IMF. These are annual period-averages of the exchange rates communicated to the IMF by the monetary authority of each member country. The IMF distinguishes between the following three categories of exchange rates: (i) market rates, largely determined by market forces; (ii) official rates, determined by government authorities; and (iii) principal rates, for countries maintaining multiple exchange rates arrangements. The preference is always market rates, only when these are not available are other rates used. For countries not reported by the IMF, the exchange rates used are the annual average of United Nations operational rates of exchange which were established for accounting purposes and which are applied in official transactions of the United Nations with these countries. These exchange rates are based on official, commercial and/or tourist rates of exchange. A major cause of excessive fluctuations and distortions of GDP data converted to US Dollars is high rates of inflation not fully reflected in exchange rate changes. In order to provide a more realistic conversion rate, the United Nations Statistics Division developed the price-adjusted rates of exchange (PARE) as an alternative to the exchange rates reported by the IMF or UN operational rates of exchange in cases where these would cause unrealistic results. The PARE methodology is aimed at eliminating these distorting effects of uneven price changes that are not well reflected in exchange rates and that yield unreasonable levels of GDP expressed in US Dollars. It should be noted that the international comparability of data expressed in US Dollars between countries may not be entirely justified because the exchange rates applied may, in practice, only be used for the conversion of a limited number of external transactions and may not be relevant for the much larger portion of GDP covering domestic transactions.

The largest 'sector' of the OECS economy is the sector classified as 'Other activities'¹⁵ (**Table 4.15**). Under ISIC Rev. 3.1, they are classified as follows (**Annex 1**):

- J – Financial intermediation
 - 65 – Financial intermediation, except insurance and pension funding
 - 66 – Insurance and pension funding, except compulsory social security
 - 67 – Activities auxiliary to financial intermediation
- K – Real estate, renting and business activities
 - 70 – Real estate activities
 - 71 – Renting of machinery and equipment without operator and of personal and household goods
 - 72 – Computer and related activities
 - 73 – Research and development
 - 74 – Other business activities
- L – Public administration and defense; compulsory social security
 - 75 – Public administration and defense; compulsory social security
- M – Education
 - 80 – Education
- N – Health and social work
 - 85 – Health and social work
- O – Other community, social and personal service activities
 - 90 – Sewage and refuse disposal, sanitation and similar activities
 - 91 – Activities of membership organizations n.e.c.
 - 92 – Recreational, cultural and sporting activities
 - 93 – Other service activities
- P – Activities of private households as employers and undifferentiated production activities of private households
 - 95 – Activities of private households as employers of domestic staff
 - 96 – Undifferentiated goods-producing activities of private households for own use
 - 97 – Undifferentiated service-producing activities of private households for own use
- Q – Extraterritorial organizations and bodies
 - 99 – Extraterritorial organizations and bodies

This is the sector in which the major drivers of structural change appear to be located. It accounts for 40.7% of the GDP (2009), up steadily from 36.3% in 2000. The second largest sector is 'wholesale, retail trade, restaurants and hotels' (ISIC Rev.3.1. G-H), with 19.1%, down from 20.9% in 2000. The fastest growing sector of the OECS economy, since 2000, is also the sector of 'other activities' (**Table 4.16**). Its annual growth rate averaged 3.8% up to 2009, as compared to only 1.6% for the sector containing most of the tourism

¹⁵ 'Other activities' is used for explanatory purposes and they are not classified as such in ISIC Rev.3.1.

activities during the same period, and 2.5% for the economy as a whole. This resilient performance in the context of the unstable global economy suggests that it is important for the OECS to identify the drivers of growth within the sector and target them to lead the transformation of the economy. It should be noted too that most elements of the copyright sector, whether as output or as consumption and investment (including consumption of imports), are included in this group. The leading growth performance supports the validity of focusing attention on the investment level of this sector as a key target variable, for which appropriate target instruments are needed. Further, the sectors in the group are all highly intensive users of domestic capital.

Table 4.15: Structure of OECS Economy by Industrial Sector (1-digit, ISIC3.1), 2000-2009

Share of GDP								
Year	Agriculture, hunting, forestry, fishing (ISIC A-B)	Mining, Manufacturing, Utilities (ISIC C-E)	Manufacturing (ISIC D)	Construction (ISIC F)	Wholesale, retail trade, restaurants and hotels (ISIC G-H)	Transport, storage and communication (ISIC I)	Other Activities (ISIC J-P)	Total Value Added
2000	5.5%	8.4%	4.5%	9.4%	20.9%	15.0%	36.3%	100.0%
2001	5.0%	8.5%	4.5%	9.9%	20.3%	15.0%	36.8%	100.0%
2002	5.3%	8.6%	4.5%	9.9%	19.6%	14.7%	37.5%	100.0%
2003	5.0%	8.7%	4.5%	9.2%	20.3%	14.9%	37.4%	100.0%
2004	4.7%	8.4%	4.3%	9.0%	20.6%	15.4%	37.7%	100.0%
2005	3.9%	8.2%	4.2%	10.3%	20.8%	15.5%	37.2%	100.0%
2006	3.9%	8.3%	4.0%	10.4%	20.7%	15.3%	37.5%	100.0%
2007	3.8%	8.3%	3.9%	10.8%	20.1%	15.4%	37.8%	100.0%
2008	4.0%	8.1%	3.7%	10.6%	19.8%	15.3%	38.6%	100.0%
2009	4.2%	8.1%	3.7%	8.8%	19.1%	15.3%	40.7%	100.0%

Source: UNSD

Table 4.16: Rate of Growth of OECS Economy by Industrial Sector (1-digit, ISIC3.1), 2000-2009

Growth Rate								
Year	Agriculture, hunting, forestry, fishing (ISIC A-B)	Mining, Manufacturing, Utilities (ISIC C-E)	Manufacturing (ISIC D)	Construction (ISIC F)	Wholesale, retail trade, restaurants and hotels (ISIC G-H)	Transport, storage and communication (ISIC I)	Other Activities (ISIC J-P)	Total Value Added
2000	0.9%	4.0%	3.1%	4.2%	3.3%	5.2%	5.4%	4.3%
2001	-9.3%	1.4%	-0.2%	5.3%	-2.4%	-0.1%	1.5%	0.1%
2002	6.6%	0.9%	0.1%	0.7%	-3.3%	-1.9%	2.6%	0.5%
2003	-4.7%	1.5%	-0.5%	-7.8%	3.5%	1.0%	-0.6%	-0.3%
2004	-1.2%	1.3%	0.1%	3.2%	7.3%	9.0%	6.3%	5.5%
2005	-12.8%	4.7%	5.2%	22.0%	7.0%	7.1%	4.8%	6.4%
2006	5.0%	5.7%	0.0%	6.3%	5.1%	4.2%	6.5%	5.4%
2007	3.1%	5.2%	1.2%	9.9%	1.8%	5.7%	5.6%	5.0%
2008	8.5%	-0.3%	-1.7%	0.0%	0.8%	1.9%	4.7%	2.4%
2009	1.4%	-3.2%	-5.1%	-19.7%	-6.9%	-3.7%	1.5%	-3.8%
Average	-0.2%	2.1%	0.2%	2.4%	1.6%	2.8%	3.8%	2.5%

4.5 GDP by Expenditure Categories: A Focus on Investment

To the extent that the copyright sectors are to be the focus of policy to promote transformational growth in the OECS, it is necessary to examine the expenditure structure driving the GDP, especially to isolate the key

role of investment as the basis for growing capacity. **Table 4.17** provides data showing expenditure in the four core categories of consumption, investment, government and net exports since 2000. It is immediately clear from these data that the net exports of the OECS have been in perpetual deficit. It would be interesting to see if the copyright sector follows the same pattern.

Private consumption accounted for an average of 57.4% over the decade, but trending downwards, and showing significant volatility: it was 56.5% in 2000 and 54.2% in 2009. With the possible exception of net export, the most volatile of the expenditure components is usually investment, which averaged 38% of GDP over the decade. In 2009, investment accounted for 38.9% of GDP, up from 36.8% in 2000. However, in 2004, it fell to as low as 34.5% of GDP before recovering to 43.6% in 2008 (**Table 4.18**). In the decade 2000 to 2009, investment grew at an average rate of 4.6%, but was 8.4% in 2000, as high as 20.6% in 2006 and as low as -14.2% in 2008 (**Table 4.19**).

Table 4.17: OECS Expenditure of the GDP, 2000 to 2009, 2005 prices

Year	Household consumption expenditure	General government final consumption expenditure	Gross capital formation	GDP	Net Exports	Average Trade
2000	2240443849	705219789.9	1459301954	3.963E+09	-441600656	3.047E+09
2001	2179558732	715743073.9	1407620331	3.95E+09	-353346652	2.831E+09
2002	2263401093	749995439.5	1353347034	3.993E+09	-374136683	2.822E+09
2003	2405144668	709592249	1462552449	4.094E+09	-482938487	2.688E+09
2004	2488612659	755034292	1494918984	4.333E+09	-405800449	2.899E+09
2005	2639988889	785348148.1	1708392593	4.64E+09	-493792593	3.136E+09
2006	2842964733	793992167	2051259329	4.924E+09	-764593096	3.312E+09
2007	3215884540	915608107.8	2210872097	5.251E+09	-1.091E+09	3.464E+09
2008	3224802231	1005086545	2368451274	5.426E+09	-1.172E+09	3.599E+09
2009	2832443659	1017315323	2034594760	5.224E+09	-660723999	3.147E+09

Source: UNSD

Table 4.18: OECS Structure of Real Expenditure on GDP, 2005 prices, 2000-2009

Year	Household consumption expenditure	General government final consumption expenditure	Gross capital formation	Net Exports	GDP	Exports of goods and services	Imports of goods and services	Trade Insertion
2000	0.565	0.178	0.368	-0.111	1	0.713	0.824	0.769
2001	0.552	0.181	0.356	-0.089	1	0.672	0.761	0.717
2002	0.567	0.188	0.339	-0.094	1	0.660	0.754	0.707
2003	0.587	0.173	0.357	-0.118	1	0.597	0.715	0.656
2004	0.574	0.174	0.345	-0.094	1	0.622	0.716	0.669
2005	0.569	0.169	0.368	-0.106	1	0.623	0.729	0.676
2006	0.577	0.161	0.417	-0.155	1	0.595	0.750	0.673
2007	0.612	0.174	0.421	-0.208	1	0.556	0.764	0.660
2008	0.594	0.185	0.436	-0.216	1	0.555	0.771	0.663
2009	0.542	0.195	0.389	-0.126	1	0.539	0.666	0.602
Average 2000-2009	0.574	0.178	0.380	-0.132				

Source: UNSD

Table 4.19: OECS Growth of GDP, by Expenditure Component, 2000-2009

Year	Household consumption expenditure	General government final consumption expenditure	Gross capital formation	Net Exports	GDP	Exports of goods and services	Imports of goods and services	Trade Insertion
2000	0.4%	3.4%	8.4%	10.6%	2.9%	10.1%	10.1%	10.1%
2001	-2.7%	1.5%	-3.8%	-20.0%	-0.3%	-6.1%	-8.0%	-7.1%
2002	3.8%	4.8%	-3.9%	5.9%	1.1%	-0.7%	0.1%	-0.3%
2003	6.3%	-5.4%	8.1%	29.1%	2.5%	-7.2%	-2.7%	-4.8%
2004	3.5%	6.4%	2.1%	-16.0%	5.8%	10.2%	5.9%	7.9%
2005	6.1%	4.0%	14.2%	21.7%	7.1%	7.2%	9.1%	8.2%
2006	7.7%	1.1%	20.6%	54.8%	6.1%	1.4%	9.2%	5.6%
2007	13.1%	15.3%	7.9%	42.7%	6.7%	-0.4%	8.5%	4.6%
2008	0.3%	9.8%	7.0%	7.4%	3.3%	3.2%	4.4%	3.9%
2009	-12.2%	1.2%	-14.2%	-43.6%	-3.7%	-6.5%	-16.9%	-12.6%
Average	2.6%	4.2%	4.6%	9.3%	3.1%	1.1%	2.0%	1.6%

Source: UNSD

4.6 The Current Accounts

The current balances of payments for the OECS countries for 2000-2009 are reported in **Table 4.20** and graphed in **Figure 4.2**. The data show that the current balance has been deteriorating steadily since 2000, with a significantly faster trend of deterioration since 2005. The main underlying real-sector factor is the slow growth of import productivity. **Table 4.21** also reports the trends in the import productivity since 2000.¹⁶ **Figure 4.3** illustrates the trends. The general picture is one of very slow growth over time. Since 2000, import productivity has grown at an average rate of only 3% per annum, suggesting that the production system is contributing too little to foreign exchange saving. It would be important to estimate the comparative contribution of the copyright sector to import productivity in OECS countries.

Table 4.21 reports the figures for 2000-2009. St. Kitts and Nevis features the fastest growth in import productivity since 2000, followed by St. Lucia. Together, they account for the main upward trend evident in **Figure 4.3**. All other countries show significant stagnation or decline of import productivity. It is perhaps worth noting that, across the Caribbean, St. Kitts & Nevis, Barbados and St. Lucia are the main ones experiencing growth according to this indicator. Trinidad and Tobago has experienced steady decline since 1970.

¹⁶ Import productivity is defined here as the reciprocal of the Keynesian propensity to import, which is the ratio of output to gross imports.

Table 4.20: OECS Balance of Payments Indicators, 2000-2009

Year	Exports of goods and services	Imports of goods and services	GDP	Net Exports (Current Account)	Average Trade	Average Import Productivity	OECS Deflator	Real Exchange Rate
2000	2.83E+09	3.27E+09	3.96E+09	-4.4E+08	3.05E+09	1.21296044	88.88456	0.030376
2001	2.65E+09	3.01E+09	3.95E+09	-3.5E+08	2.83E+09	1.31330134	91.69171	0.029447
2002	2.64E+09	3.01E+09	3.99E+09	-3.7E+08	2.82E+09	1.32667762	92.84403	0.029081
2003	2.45E+09	2.93E+09	4.09E+09	-4.8E+08	2.69E+09	1.39782088	94.46872	0.028581
2004	2.7E+09	3.1E+09	4.33E+09	-4.1E+08	2.9E+09	1.39688475	96.63205	0.027941
2005	2.89E+09	3.38E+09	4.64E+09	-4.9E+08	3.14E+09	1.37175083	100	0.027
2006	2.93E+09	3.69E+09	4.92E+09	-7.6E+08	3.31E+09	1.33278329	104.2091	0.025909
2007	2.92E+09	4.01E+09	5.25E+09	-1.1E+09	3.46E+09	1.30955503	107.95	0.025012
2008	3.01E+09	4.19E+09	5.43E+09	-1.2E+09	3.6E+09	1.29659297	112.7815	0.02394
2009	2.82E+09	3.48E+09	5.22E+09	-6.6E+08	3.15E+09	1.50211586	115.4001	0.023397

Source: UNSD

Table 4.21: OECS Import Productivity by Country

Year	Anguilla	Antigua & Barbuda	BVI	Dominica	Grenada	Montserrat	St. Kitts & Nevis	St. Vincent and the Grenadines	St. Lucia
2000	0.870107	1.337158	1.271357	1.481156	1.292013	0.834726	0.665279	1.798803	1.438475
2001	1.023827	1.41208	1.276498	1.605667	1.38738	0.889934	0.870885	1.820702	1.557609
2002	1.12729	1.398136	1.278997	1.631265	1.484371	0.981919	0.844893	1.889634	1.526404
2003	1.059312	1.408331	1.283247	1.769436	1.421167	0.869854	1.416271	1.772223	1.34403
2004	1.08984	1.375272	1.285935	1.638468	1.286884	0.844932	1.653583	1.634935	1.454284
2005	0.99451	1.273484	1.28769	1.525815	1.392497	0.829755	1.566341	1.503817	1.490773
2006	0.757099	1.226047	1.289963	1.58738	1.364348	1.02861	1.519275	1.446882	1.519098
2007	0.852629	1.21914	1.291572	1.456415	1.346405	1.033314	1.469367	1.256945	1.438587
2008	0.891321	1.290336	1.28974	1.424584	1.367488	0.887168	1.484008	1.118406	1.247605
2009	1.132243	1.466345	1.290424	2.032243	1.35935	0.956449	1.531422	1.334016	1.613563

Source: UNSD

Figure 4.2: OECS Balance of Payments, 2000-2009

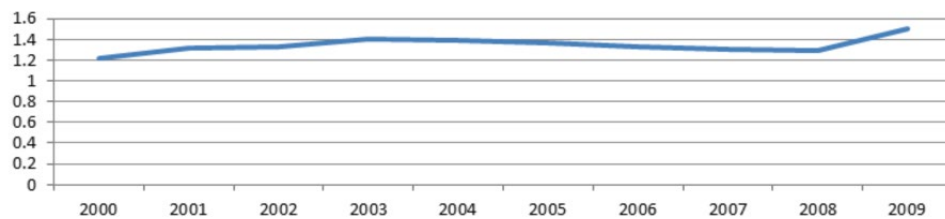
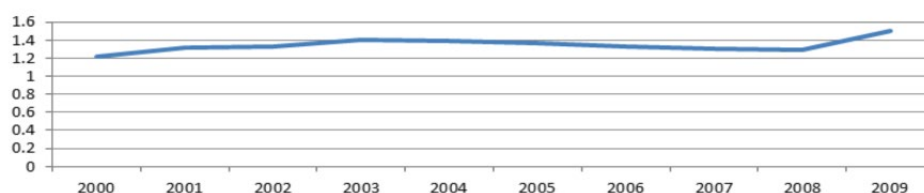


Figure 4.3: OECS Import Productivity, 2000-2009



4.7 A Summary Perspective

Overall, the evidence suggests that OECS countries were once leaders in the international search for growth and competitive restructuring. Now, they are generally falling behind on these indicators (**Table 4.22**). Every OECS country has experienced a fall in the long-term rate of growth. Antigua and Barbuda fell from 4.5% in 1970-99 to 2.9% in 2000-2010; Grenada from 5.7% to 1.8%; Dominica from 4.2% to 2.6%; St. Kitts and Nevis, 5.3% to 2.2%; St. Lucia from 5.2% to 1.4% and, St. Vincent and the Grenadines, from 4.5% to 2.5%. The evidence also shows that only the commodity producers of the Caribbean, enjoying high demand and buoyant prices, have fared better. If a country cannot rely on natural endowments to keep up with global trends, it must necessarily create its own opportunities based on human knowledge, skills and the use of science or cultural creativity. Such creation is achieved only by drawing on suitable international cooperation to develop, use, and export capital and other high-demand output, in contrast to consumer output. In particular, the fall-off of the growth rate is due to inadequate productivity growth relative to import costs, which has resulted in turn from the failure to restructure appropriately and in a timely manner towards capital output and exports.

Table 4.22: Trends in Long-term Growth Rate, OECS

	Growth Rate	
	1970-99	2000-10
Antigua & Barbuda	4.5	2.9
Bahamas	3.1	1
Barbados	1.5	1.1
Belize	4.5	4.8
Grenada	5.7	1.8
Guyana	1.3	2.1
Jamaica	1.1	0.7
Dominica	4.2	2.6
St. Kitts & Nevis	5.3	2.2
St. Lucia	5.2	1.4
St. Vincent & Grenadines	4.5	2.5
Suriname	1.6	4.5
T & T	2.4	6.1

Source: Based on UNSD Data

5. PROFILING THE OECS COPYRIGHT SECTOR: BEST PRACTICE CASES AND STATISTICAL DATA

In order to get a perspective of the copyright sector in the OECS, as a precursor to preparation of the St. Lucia Survey, a concerted effort was made to contact firms/individuals in the different Member States of the OECS which seemed to be making a success in their particular areas of operation in the face of a generally stagnating economic environment. Firms were sought in a diverse range of copyright-based activities and in as many Member States of the OECS as possible. The final decision on the profiled firms depended on the willingness of the firms to give information on their operations that would elucidate the reasons for their success, and on a first response basis with cut-off at 6 respondents to fit budgetary constraints. The firms in the final list are reported in **Table 5.1**, with a variety of characterizing properties: Fanatik Inc. & Imperial Publishing Inc.; Freestyle Inc.; HAMA Films; Star Publishing; OPHELIA; and BVI News online & Dominica News online.

The Organisation of Eastern Caribbean States Export Development Unit (OECS/EDU) and ECCO were helpful in identifying the firms to be approached. All the firms that gave information are in the core group of copyright activities, as follows: press and literature; music, theatrical productions, opera; motion picture, video and sound; as well as visual and graphic arts, related professional and technical services; advertising services; and software, databases and new media. There are four firms from Dominica profiled. Two are in the music, theatrical productions and opera category and one is in software, databases and new media, while one firm is in advertising services as well as visual and graphic arts, related technical and professional services. One firm from Antigua and Barbuda is profiled and is in motion picture, video and sound, while one firm from St. Lucia is in press and literature. There is one firm from the BVI in software and databases; however, because this firm was owned by the same individual who owned a similar operation in Dominica, for the purposes of developing the profiles the two firms were treated as one. There are no firms without an online presence, while all firms have a social media presence and only one firm does not have a website. There are four firms that did not engage in e-commerce in the sense of selling their goods and/or services directly to buyers from their websites, while four firms used digital retailers to reach consumers.

It was explained to the respondents that the purpose of the profiles is to clarify the challenges faced by firms operating in the copyright sector of the OECS and how these were overcome. Specifically, the following aspects of their operations were probed with a view to determining their importance for the firm:

1. Challenges posed by:
 - (a) High reliance on imported inputs
 - (b) Labor discipline
 - (c) Financing
 - (d) Management practices
 - (e) Marketing practices
 - (f) The role of exports – sales and performances outside their home country.
2. The Role of ICT and regional and international collaboration in overcoming the inherent difficulties of small markets.
3. Scale of success, as measured by:
 - (a) Volume of income
 - (b) Main source of income.
4. Recommendations, if any, on the policies necessary to support development of the copyright sector.

It was further explained to the respondents that the purpose of the Report and the profiles was to provide a sound analytical basis for policy decisions by the sub-region's policy-makers about the role that the copyright-based industries should have in industrial policy and economic development in the OECS.

Table 5.1: Selected Firms for Profiling by Country, Online Presence and Copyright Activity

Firm	Country	Website	Social Media	E-commerce	Use of digital retailers	Main Activity	Secondary Activity
Fanatik Inc. & Imperial Publishing Inc.	Dominica	No	Yes	No	Yes	Music theatrical productions, opera	Motion picture, video and sound
Freestyle Inc.	Dominica	Yes	Yes	No	yes	Advertising services Visual and graphic arts, related professional and technical services;	Software, databases and new media.
Hama Films	Antigua & Barbuda	Yes	Yes	No	No	Motion picture, video and sound	
Star Publishing	St. Lucia	Yes	Yes	Yes	No	Press and literature	Software, databases and new media.
Ophelia	Dominica	Yes	Yes	No	Yes	Music, theatrical productions, opera	Motion picture video and sound
BVI News online &	BVI	Yes	Yes	Yes	Yes	Software, databases and new media	Software, databases and new media
Dominica News online	Dominica	yes	Yes	yes	yes	Software, databases and new media	Software, databases and new media

5.1 Fanatik Inc. and Imperial Publishing – Successful Firms in Music and Sound Recording

The companies *Fanatik Inc.* and *Imperial Publishing Inc.* are both owned by Cornell Phillip, who is one of the most influential musicians and sound engineers in the Eastern Caribbean. Cornell Phillip hails from a family of musicians and always wanted to be in the music business. He has been trained to grade 5 of The Associated Boards of the Royal Schools of Music of the United Kingdom in music theory. He has had no formal training in sound engineering, but learnt the basics of the craft from more experienced persons and from his own experimentation.

Like most Caribbean musicians, Cornell has little formal training in business beyond high school, but he learned much about business by working on and off at his family's office supply store from 1988 to 1994, after leaving secondary school some twenty-five years ago. However, since then he has basically made his living from music. His development as a music professional was done mainly in a collaborative process; long periods of experimenting and intensive practice with other members of WCK, the first band of which he was a member. The band took its name from the first letter of the name the founding members, Wackers, Cornell and Keith. Typical of the wider Caribbean experience, the business of managing the band was largely left to one person as Cornell was primarily interested in the artistic side. This lack of business structure would later lead to financial disagreements and the breakup of the band.

His public music career began in 1988 with the release of WCK's first album entitled *One More Sway*, which was an instant hit in Dominica and immediately brought the band, of which he was the keyboard player, to the forefront of the Dominican music scene. The band embraced what were then novel techniques of drum

machine programming and based its sound on the re-creation and modernization of the traditional style of music known locally as *Jing-Ping*, a style of music that depended heavily on the accordion and traditional instruments. The WCK band produced a number of hit albums, but two songs in particular had a wide cross-regional appeal – *Balance Batty* and *Conch Shell*. The style of music pioneered by the band in the 1990s was christened *Bouyon*, but these songs laid the foundation for the new style of SOCA which now dominates the Eastern Caribbean Carnival music scene. The band composed all their material collaboratively, but Cornell was mainly responsible for creating the beats and harmonies while Derek Peters and Irvine Phillip furnished most of the lyrics and melodies.

On the strength of these albums, some of which were engineered and produced by Cornell, the WCK Band was able to tour Venezuela, Colombia and the entire Eastern Caribbean, including the French West Indies and Trinidad and Tobago in the South. They also toured to perform to the West Indian Diaspora in the US and the UK. In 2004, he left the WCK Band to become a freelance musician and studio owner and engineer, incorporating a company, Imperial Publishing Inc., for the studio operation. For about 2 years after his departure from WCK, Cornell toured with Rupee, the Barbadian Soca singer, who had been signed to Atlantic records and needed top flight Caribbean musicians to accompany him on promotional tours in the US and the Caribbean. During this time, Cornell expanded and developed his studio into the premier choice of Dominican musicians as well as some artists from the OECS. He continues to collaborate with other musicians and record producers in the OECS, especially St. Lucia, creating beats or 'riddims', but now, instead of his overseas collaborators travelling to Dominica, he uses the internet as his main tool for intra-Caribbean collaboration. His success in attracting clients is due in equal measure to his skill as a musician and his knowledge of the complex new world of digital recording.

Cornell's studio has been a profitable enterprise and he supplements studio income with side-man gigs on tours with Dominican artists like Ophelia, Michelle Henderson and Nelly Stharre. In December 2007, Cornell put a new band (Fanatik) together and immediately placed it on a firm business footing by incorporating a company, of which he is the sole shareholder, through which the band's business is conducted; this was because, as he now sees it, the financial difficulties with WCK were due mainly to a lack of a business structure for the band's operation. Given the lack of a manufacturing base for the tools of his trade in the OECS (musical instruments, computers, sound reinforcing equipment) all the inputs for the band and the recording studio, with the exception of labor and electricity, are imported.

In a drive to maximize labor productivity and thereby raise wages for the 'employees' in the band, Cornell deliberately uses as many modern digital tools as possible and his band is able to provide a full sound with only four instrumentalists, one frontline singer and a live sound engineer.¹⁷ Since he cannot perform on stage and simultaneously undertake the engineering of the live performance, he has employed a young sound engineer whom he has trained to recreate the band's desired sound. Because of the constant upgrade and modernization of equipment, Fanatik has the reputation as being the most modern and versatile band in Dominica and it therefore commands a premium price for its services and most musicians covet playing with Fanatik. The musicians in the band are considered to be better paid than the average musician in Dominica.

When Cornell was starting his adventure in the music business with WCK in 1988, the seed capital needed for the band was provided by the families and friends of the founders and there was no need to seek financing from any financial institution. Because of the success of the WCK band and Cornell's personal image, he was able to get loan financing for his two ventures from the banking sector solely on the strength of his demonstrated earning capacity from his music activities without the usual collateral requirements.

Cornell is a founding member of the Association of Music Professionals (AMP) the organization set up to assist in the professionalization of the music business in Dominica, including the provision of training in the music business and techniques of sound engineering. He derives about 80% of his income from the local market, with the remaining 20% coming from tours as a performer with other Dominican artists and the sale of recording services through the internet to customers in the region. In his opinion, his full-time involvement

¹⁷ The contract of engagement with his musicians is more accurately described as engaging independent contractors rather than employees as conventionally understood. The musicians are all free to undertake work for others except if the band has an engagement that would create a conflict. In such a case, the musicians would be expected to give priority to the band. This pattern of engagement of musicians is common in the Caribbean and thus musicians rarely show up in the records of the social security and other official records on employment.

in music has been personally and financially rewarding and his standard of living is equal to or above the average in Dominica.

Piracy is a problem which affects him in two ways. In the first case, his recording clients have increasing difficulty realizing realistic returns on their investment in sound recordings. They therefore spend defensively, thus providing lower revenues to everyone involved in the process, including recording studios and performers. At the same time, given the level of piracy in the OECS and the Caribbean generally, it is increasingly difficult to distribute locally-made recordings beyond the local market. Secondly, with the diminished market for recorded products, he has had to reduce the number of recordings that he makes for himself and his band. In his opinion, successful reduction of the present large-scale and omnipresent piracy would be one of the more significant actions that the authorities could undertake to assist the nascent music industry.

With regard to economic difficulties which musicians encounter, Cornell thinks that this is due in large measure to the fact that most musicians do not take the business side of music seriously, even if they are excellent performers or songwriters. With respect to Government policies on taxation, he does not think that the payment of import taxes on his tools of the trade is a big hindrance to his operation either as a musician or a studio owner. In fact, he thinks that other measures would help the business of music much more. In particular, he singles out the high and increasing cost of electricity as one of the most important issues to be addressed. In terms of tax relief for musicians and other music professionals, he thinks that relief on income tax is preferable and would draw more persons, including investors, into the music business because these investors would be able to realize a higher net return on their investments.

The main lessons one gets from Cornell is that it is possible to make a comfortable living from music, but there are certain requirements, the main ones being a business approach to the activity, associated with a spirit of artistic and technical innovation and coupled with at least a modicum of formal training in the discipline. Furthermore, the lack of a secure legal and administrative environment can discourage production and thus prevent the music industry from contributing optimally to national income and employment.

5.2 Freestyle – A Successful Firm in Advertising Graphic Arts and New Media

Freestyle Inc. was started in 1996 by four young entrepreneurs in Dominica. The principals of the firm are: Kenny Green, computer programmer; Geoffrey Guye, electrical engineer; Neil Shillingford, computer programmer; and Clifford Shillingford, computer hardware specialist. The company's core business has been advertising and brand development, but always with a bent towards the utilization of the core competencies of the principals in computer programming and new media.

The company made its mark on the local scene by conceptualizing and executing a campaign for a local beverage producer, using a highly imaginative computer animation, for use on local television. The company collaborates with other creative producers in Dominica and the wider Caribbean including videographers and other advertising agencies. One of these collaborations was with an agency from the US Virgin Islands on a project for a major US bank with Freestyle doing the animations and the USVI Company doing the post production. This advertisement was used at the most prestigious advertising event in the United States – the Super-Bowl of 2006. The quality of the product was such that it won the company and its partner agency a coveted silver medal from the American Marketing Awards.

According to Kenny Green CEO of Freestyle, the company deliberately sets out to differentiate itself from others in its field by seeking to exploit niches where intellectual property and creativity are the most important elements of the service or product offered. In 2003, they introduced large billboards as part of the media mix for clients' advertising campaigns. They were thus able to become the ad campaign provider of choice for the local business unit of one the leading telecoms providers in the Caribbean. The quality of their work attracted the notice of the regional headquarters and they began to be solicited by other business units in the Caribbean to provide concepts, creative design and brand development for most of the business units of this telecoms provider.

Always with an eye out for new developments, Freestyle launched into the provision of polyphonic ringtones for the entire Caribbean for their major client at the time. Through this venture, they provided employment directly to two persons – one musician who programmed the midi sequences for the ringtones and one clerk to take care of the administrative duties. Licenses for the ringtones were obtained from the Performing Right

Society (PRS) through the society's local agent for the communication to the public of the musical works and from the Copyright Music Organisation of Trinidad and Tobago for the reproduction right. This venture was terminated in 2007, when the preference of the public shifted from polyphonic ringtones to so-called real tones (short clips of actual recordings) and the shift in focus of the client telecoms provider.

In 2005, the company began to explore the video game market and developed some game concepts. These concepts were never taken to market; however, because of their interests in this area they received a contract to test games for a major game developer from India. The company continued its reach across the Caribbean in advertising and brand development and has carried out campaigns for major banks, LPG marketing companies and major regional airports. Their work has involved managing sponsorship for their clients at such high-profile events as St. Lucia Jazz, the Barbados Jazz Festival, and the Stanford 20/20 cricket. Because of the demand which the company generated for high-quality wide format printing, Freestyle has ventured into printing under the brand name Print Xpress. In this venture they also provide in-house graphic design for their own use as well as for external clients including regional businesses seeking high quality creative designs and printing.

In 2009, the company became the official distributor of Xerox office machines and accessories. Not only do they sell the company's lines of products, but they also provide a quick desktop publishing service incorporating graphic design for short-run printing jobs. Freestyle is now moving to develop three new products – a pan-Caribbean digital signage project that would be controlled from Dominica through the internet; a list management capability to add to their mix of media management; and a document management service using the techniques of cloud computing. While the majority of customers for the digital signage and the document management services are expected to be local and regional, the list management services are expected to be bought primarily by extra-regional businesses.

With the advent and rapid uptake of smart phones and tablets on the market, Freestyle is now positioning itself to enter the market to program applications for these devices. The company hopes to launch this business as well as the list management and document management services before the end of 2013.

In 1996, Freestyle had 3 employees all whom were shareholders, but by 2011 the company had 50 employees, 14 of whom have university degrees, and a payroll in excess of EC\$400,000.00 per annum, with annual revenue in excess of two million dollars and with 70 % of revenues coming from the region and beyond. The CEO estimates the value of the company at a low of EC\$15 million and a high of EC\$30 million. It is worth noting that all the company's activities are based on copyright and are either in the core copyright sector or in the interdependent group.

When Freestyle began operations in 1996, all the start-up capital was provided by the four principals from their personal resources. However, when the firm wanted to expand into printing it was able to secure a bank loan for the purchase of the equipment, but the bank insisted on its usual collateral requirements in the form of a lien against the equipment and life insurance policies of the principals. However, Freestyle has been unable to raise loan financing for their most ambitious venture to date – the pan-Caribbean digital signage project, which is expected to employ 20 persons in Dominica and a further 40 persons across the Caribbean. The firm is now looking to secure venture capital funding from outside the region.

Freestyle is a good example of what is possible in the copyright sector when appropriate training in the use of modern digital tools is combined with an imaginative and entrepreneurial spirit. However, its experiences also exemplify how the lack of proper financing mechanisms can become a drag on the copyright sector and hinder modernization of the economy and growth of employment and income.

5.3 Hama Inc. A Successful Firm in the Audio-visual Sector

Hama Inc. is an Antiguan based audio-visual production company with an enviable record of producing some of the most successful films in the OECS, including Antigua's first full length feature film, *The Sweetest Mango*. This production, which had its theatrical premiere in Antigua in 2001, sold twenty thousand tickets in the first three months of its release in its island home, which had a local resident population of eighty thousand. The principals of Hama Inc. are Howard and Mitzi Allen, a husband and wife team who have been in the business of audio-visual production since 1992.

Howard became involved in audiovisual production after he left the Antigua State College where he studied electrical engineering. His first job was at a newly established cable TV operation, CTV, in Antigua. It was at CTV that Howard learnt most of his audio-visual skills and he considers himself to be self-taught, although he credits a six-week attachment at CBU in Barbados with teaching him some invaluable production techniques. Mitzi has had formal training in Canada, where she lived before moving back to Antigua having studied broadcast journalism at Humber College. After graduating she worked for ten years as a broadcast journalist in Canada, where she had hands-on experience not only as a reporter/presenter, but also with production. As of June 2011, the couple has produced four feature films and have managed to pay all the costs of the productions using all the techniques of marketing in the audio-visual sector, including product placement and pre-sales of advertising to local businesses for the television showing of the films locally and regionally. The company has constantly improved the sophistication of their productions by initiating smart partnerships with overseas-based film schools, whereby they have managed to have technical crews provided by the professors and students, who not only bring their expertise, but also equipment. The company has also reached out beyond Antigua to hire professional actors from Jamaica, the United Kingdom and Canada for their fourth film *The Skin*, a supernatural thriller based on Caribbean mythology, which had its première showing in June of 2011.

All participants in Hama Films productions are paid, with salaries and fees ranging from EC\$100.00 for extras to EC \$20,000.00 for the scriptwriter for the first and so far most successful film *The Sweetest Mango*. The budgets for their productions are minuscule compared even to 'low' budget productions from the North Atlantic, their most expensive production so far costing EC\$350,000.00. The couple credits the success of their films locally and regionally to what could be described as a latent demand by Caribbean audiences for stories about themselves. The feature film productions have had some interesting spin-offs for the Antigua economy. According to Howard and Mitzi, the première of a Hama film is a significant event on Antigua's social calendar and is the catalyst for the purchase of new garments and other fashion products and services. Additionally, all the music soundtracks in the films are composed and recorded locally, thereby giving a fillip to the local music industry. This demonstrates the synergies that exist among different core copyright activities and related activities.

In addition to cinema screenings and broadcasts on television and cable stations regionally, the films are all available on DVD, where sales have been encouraging. Hama Films have recently begun discussions for a distribution agreement with Caribbean Tales, a regional film distribution company with its principal office in Barbados. Caribbean Tales' interest was piqued after viewing *The Skin* at the Barbados Film Festival. If an agreement is reached, this deal would help the firm to tap a market beyond the Caribbean, including the Caribbean diaspora in Europe and North America. Though aware of the power of the internet to reach consumers all over the world, the firm has so far not ventured to distribute their productions via the net for fear of piracy. Howard and Mitzi would be very willing to harness the internet to reach a wider audience if the piracy problem can be mitigated through the implementation of effective technological measures and/or stricter investigation and enforcement of copyright law locally and internationally.

Feature films (which are produced about 3 years apart) are what make Hama well-known. However, the main revenue source is the production of documentaries and other short works, including public service announcements for Antigua, regional and international agencies. The company in fact got its start in 1992 with the development and production of the television series *Island Magazine*, a half-hour television program which highlighted Caribbean art, culture and lifestyle. According to Howard, they always have a full schedule of productions and have had to stop doing commercials, which they usually pass on to other providers of audio-visual services. Mitzi and Howard are the only full-time employees of Hama Inc., but regularly purchase services such as legal and accounting services from service providers. Other services and/or copyright licenses are also purchased for use in their productions, whether these are feature films or documentaries.

Financing of Hama Inc. has basically come from the private savings of the principals, although a number of institutions in Antigua have helped by providing services and/or products at little or no charge. In particular, the Government of Antigua, through its Government Information Services, helped considerably, especially at the start-up phase of the business by selling time on their editing suite to Howard. The capital inputs for Hama's operations, such as cameras, computers with associated software, lighting and other equipment, are all imported. However, the advent of digitization has helped enormously to reduce the cost of equipment for audio-visual productions and the largest cost component involved in a HAMA production is labor, most of which is sourced locally. Howard and Mitzi feel satisfied with the level of remuneration which their full-time

work in the audio-visual sector brings them and are of the view that their income places them solidly in the Antiguan middle class, with a level of income they consider to be above the average for a couple in Antigua.

The experience of Hama Films is evidence that there is sufficient talent in the OECS for the development of a local film and audio-visual industry, not only for the production of documentaries, advertisements and other industrial productions, but also for telling stories about the people of the region. Here again, we see that training and collaboration are important, as is the creation of a secure legal and administrative climate that guarantees that entrepreneurs will have a reasonable chance of recouping the relatively large sums expended to create these works.

5.4 Star Publishing – A Successful Firm in Press and Literature¹⁸

Star Publishing Company is St. Lucia's largest and most technologically advanced printing establishment. The company was formed in 1987 by Rick Wayne, a former Mr. Universe and successful editor of publications owned by bodybuilding mogul Joe Weider. Prior to migrating to the United States to pursue his professional bodybuilding career, Rick Wayne served as Editor of *The Voice*, St. Lucia's longest established newspaper. He had also served as Personal Assistant to former Prime Minister, John Compton.

At the time of its formation in 1987, the company published *The Star* newspaper once a week (on Saturdays) under the banner 'bringing the truth to light.' *The Star* quickly became a hot seller on local news-stands for its bold and grabbing headlines, biting political and social commentaries, and its reputation for daring to unearth subjects previously untouched by the established press.

In its formative years, Star Publishing operated out of a small warehouse off the John Compton Highway, with a team of less than ten which included Rick Wayne, his wife Mae, one sales person and the pressmen. Back then they worked off a small black and white press and struggled to make a weekly print-run of 1,000 newspapers. Two years later (1989) Star Publishing introduced *Tropical Traveller*, a full color tourist/travel publication which promotes St. Lucia as a destination. It was initially printed in newspaper format, but today, it is a full-color magazine.

In 2001, Star Publishing purchased 10,000 square feet of land at Massade Industrial Estate and moved its operations further north. Five years later, the company expanded further at the new location with a state-of-the-art graphics department, press/production unit, editorial department, studio, management, accounts, human resources, reception and a spacious car park. The full team at Star Publishing today numbers about 55 persons. The growth and expansion of Star Publishing was driven by the philosophy of its founder Rick Wayne, who believes that 'to have true freedom of the press, in the Caribbean, you must own your own press.'

Managing Director Mae Wayne notes that the company started out as a newspaper publisher but has grown into a full-fledged printer producing magazines, brochures, business cards, flyers, calendars, posters, banners, bumper stickers and more. She says that until recently, publishing was 70% of business and printing 30%, but the ratio is now 60/40. The company's annual revenues are in the range of EC\$5 million, with Star Publishing's assets valued at approximately EC\$7 million.

SHE Caribbean is the flagship publication of Star Publishing. It was the brainchild of Mae Wayne, who says her objective was to create a magazine exclusively for Caribbean women, at home and abroad. From all indications, *SHE Caribbean* has met this objective, having featured some of the most successful Caribbean women in politics, business, fashion and entertainment. Circulation is roughly 20,000 per issue. *SHE Caribbean* has won awards for Best Women's Magazine in the Caribbean as well as Fashion and Photography Awards at Caribbean Fashion Week.

Over the last five years, *SHE Caribbean* has done well in the diaspora, especially the U.S. However, with the world becoming increasingly digital, Mae Wayne says the time has come to re-strategize. She says the company is downsizing the print-run and is currently negotiating with Apple for the creation of an app for *SHE Caribbean*. Since it went digital in 2010, *The Star* newspaper has won a legion of readers online with an estimated 95,000 hits per week.

¹⁸ Author: Vincent Lewis, Castries St. Lucia. email: lewispr@hotmail.com

The latest addition to the company's range of products is electronic/magnetic keys for the hotel industry. Star Publishing works with several advertising agencies within and outside of St. Lucia. The company also does print jobs for clients in St. Kitts, St. Vincent, Grenada, Barbados and Trinidad. Mae Wayne says that in spite of all the talk about CSME, Star Publishing still encounters a lot of logistical difficulties when doing business outside of the OECS. She says that to circumvent some of these road blocks, print jobs which emanate from Star Publishing are shipped to Miami for onward shipment to Barbados. Local print jobs account for 70% of business. According to Mae, since 2008 there has been a significant decline in revenue of about 30% due to the global financial crisis.

In addition to its newspaper, *SHE Caribbean* and *Tropical Traveller*, Star Publishing has also published three books authored by its founder Rick Wayne. The books, *It Will be Alright in the Morning*, *Foolish Virgins*, and *Lapses and Infelicities*, chronicle three political eras in St. Lucia. The company is now exploring the possibility of making digital versions of these books available to readers online.

Given the restricted range of manufacturing capacity on the island the capital inputs into the operations of Star Publishing Company, such as the printing presses, computers and associated software and other office equipment are all imported. Additionally, with the exception of electricity, the major intermediate inputs used in production, such as paper and inks, are also imported, while all labor, including maintenance of plant and equipment, is sourced locally.

Star Publishing is fully engaged in the copyright industry, both as a printer and publisher. Asked what has kept Star Publishing alive in the face of dwindling fortunes for the print industry globally, Mae Wayne says: 'Our products are good and people like them and respect them. We are true to our readers and our clients; that's what makes us unique, and why we have survived.'

5.5 Ophelia: A Successful Musician¹⁹

Ophelia is one of the most successful female singers to emerge from Dominica and the Eastern Caribbean and is a household name, particularly in the French Departments of Martinique and Guadeloupe. Ophelia first came to national attention as a singer when she won the Dominica Patois Song competition in 1970. She went on to win this contest the following year and then again in 1975. The big breakthrough for Ophelia in the region and particularly in the French Antilles came in 1979 with the release of her hit *Aie Dominique*, followed by *Chanson d'Amour* in 1981. The success of these songs in the French Antilles and her subsequent tours earned her the prestigious Maracas d'Or award in France in 1981, the only non-French artist ever to win this award.

Ophelia has toured many Caribbean countries, USA, Canada and Europe and performed at many important festivals and events such the World Creole Music Festival in Dominica, the Caribbean Festival of Arts (Carifesta), Feminine Music Festivals, and MIDEM in France. In Paris, she was the first black artiste to perform at the prestigious Theatre de la Renaissance. A recording of this memorable performance was released as a live album. Ophelia has appeared on the covers of over 15 magazines. A veritable cultural icon, she was named Caribbean Cultural Icon by the Permanent Committee of CARICOM for CARIFESTA 2006. In Dominica, she was awarded the Sisserou Award, the nation's second highest honor, for her contribution to music and culture. She also received Dominica's highest cultural award, the Golden Drum award.

Certified in music theory and the holder of a Bachelor's degree in French and English Literature, Ophelia writes and composes many of her songs, sometimes in collaboration with other songwriters in Dominica, France or the French West Indies. She sings mainly in Kwéyòl (French Creole) and in the cadence-lypso and zouk genres. Ophelia has released 16 albums, one video album, three DVD concert albums and many music videos. Many of these were produced by her husband, music producer, song writer and consultant-economist, McCarthy Marie, at the Mark Off Productions studios in Dominica. Very much on top of the latest developments in the music industry, Ophelia released an album on flash drive and sells her music online.

The French and French Antillean, Lusophone Africa and Indian Ocean markets are her prime targets and she often collaborates with French and French Antillean musicians, dance groups, video and television producers in the production of her music videos, DVDs and concerts. In light of this, Ophelia opted to become a member of the French copyright society SACEM and the neighboring rights collective management organization

¹⁹ Author: Gregory Rabess, Canefield, Roseau, Dominica. email: rabessg@hotmail.com.

ADAMI. Ophelia conducts her music business for performances, recordings and music publishing through a corporate vehicle, Mark Off Music Publishing Company, jointly owned with her husband/manager. Because Ophelia is a solo performer, she does not have regular employees such as a band, but hires musicians, dancers and technicians on short-term contracts as the need arises and according to the demands of the performance or recording to be undertaken.

Ophelia has had great impact on the music industry in the French Antilles and has influenced some key developments there. Working full-time in the music industry, particularly during the 1980s and 90s, she was one of the first female professional solo artistes to operate in a male-dominated industry in the OECS and the French West Indies. Her hit song *Chanson d'Amour*, written by Gordon Henderson, paved the way for the development of the zouk love genre and the entry of women into the music scene as frontline singers: hitherto, they had functioned mainly as backing singers. Her success has inspired many women. Ophelia's numerous tours and performances contributed tremendously to shifting Creole music towards concerts and away from the dance session format which was the main form of live music presentation in the Francophone Caribbean. The SACEM Lifetime Award bestowed on Ophelia in Martinique is testimony to her personal success and the impact of her music and example in the French Antilles. Ophelia generates more than 90% of her income from abroad for live performances, as well as copyright royalties from the collective management organizations SACEM for copyright and from ADAMI for related rights as a performer on sound recordings.

When not performing, Ophelia operates her own hotel Chez Ophelia and does some volunteer work with community groups and choirs, coaching and mentoring. Utilizing the synergies of her popularity in the French Caribbean, Chez Ophelia hosts many groups and associations from the French territories and offers a visitor experience blending ecology and culture. As such, the establishment of the Chez Ophelia is an extension of her music activities, similar to the new merchandising craze of pop artists to generate new revenue streams from their popularity. In this respect she has been a leader. She also understands that copyright and related rights are the foundations on which the music industry rests, and she fiercely defends her rights both as a performer and as a songwriter.

Ophelia's career is a demonstration of the capacity of Caribbean artists to have market appeal across wide geographic and linguistic areas, thus demonstrating the capacity for export earnings for OECS artists. Again we notice the importance of collaboration in artistic creations as well as marketing and technology. Ophelia also demonstrates that artistic endeavors can have wide-ranging positive economic impacts beyond the immediate income earned from the artistic enterprise itself, and are thus deserving of policy interventions to enable these activities to reach their maximum potential.

5.6 Dominica News Online and BVI News online: Successful Firms in New Media

'New media' is a term that refers to the creation and delivery of information by harnessing the power of digitization to create content and the delivery of that content to users through the internet. New media does not include television programs, feature films, magazines, books, or paper-based publications – unless they contain technologies that enable digital interactivity. BVI News Online and Dominica News Online are two enterprises that have entered the media landscape as new media in Dominica and The British Virgin Islands and have become spectacular success stories.

Both enterprises are owned by Merrick Andrews through his two companies. Mr. Andrews is 28 years of age (as of 2011) and a Jamaican by birth. He did studies in journalism and obtained a certificate in basic print journalism from the Caribbean Institute of Media and Communication (Carimac) at the UWI, Mona Campus in 2001. Mr. Andrews has also had extensive in-house training and 12 years of experience in print journalism in various newspapers in Jamaica.

Mr. Andrews began his adventure in new media in 2006 with the establishment of the BVI News Online with a small loan of US\$1500 from a sympathetic businessman. He used this money to pay for the hosting and initial domain name registration of the business. Mr. Andrews was the sole employee for a number of months, but the popularity of the site grew so fast that he had to take on staff to assist with news-gathering and administration. His experience in the British Virgin Islands convinced Mr. Andrews that a news outlet that was strictly online and was done professionally was a viable business in other islands of the OECS as well. In November 2007, he started Dominica News Online from earnings made from BVI News Online and moved to live in Dominica. Between 2007 and 2009 he established other online newspapers in Anguilla,

Montserrat, St. Lucia, Antigua, Grenada, and St. Vincent and the Grenadines. However, in 2009 he closed these other outlets because they had not performed as well as expected. He had spread himself too thin. He therefore concentrated on keeping the BVI and Dominica operations at the front of the entire media outlets as the source with the quickest and most accurate news. Besides the timeliness and the accuracy of its news output, the readers love the interactive nature of the medium. In a sense, the news stories serve as introductions to wide-ranging discussions on topics of the day, allowing the readers to generate discussions among themselves which is much more lively and democratic than the usual 'letter to the editor'.

Both operations use a business model that is based on the same principle as the largest and most successful internet-based company, Google Inc. Just as Google provides its users with a fast and efficient search capability, thus attracting 'eyeballs', BVI News Online and Dominica News Online provide compelling content to users in the form of up-to-the-minute news and derive all their revenues from the sale of advertising.

Being online businesses, the companies have two main assets: ownership of the copyright in their output and the goodwill in their brand and trading names. The operations have no physical offices; their employees all work from home and file their stories and administrative documents to the editor via the net. In the case of Dominica News Online, its editor up to December 2012 was in fact a Dominican citizen based in Jamaica. Both enterprises have a combined total of 13 part-time and full-time employees, of whom 70% have baccalaureate degrees. The monthly payroll for both operations is in the range of EC\$25,000.00.

The gross yearly revenue for both companies is now in the range of EC\$500,000 with the BVI operation accounting for 60% of the revenue and the Dominica operation for 40%. Mr Andrews estimates that the value of the businesses is in range of EC\$1,060,000 dollars for both online papers – \$250,000 for Dominica News Online and \$810,000 for BVI News Online. In 2012, Dominica News Online was sold for an undisclosed sum to a group of investors for what Mr Merrick describes as an 'acceptable profit'.

The relatively rapid rise in the fortunes of Dominica News Online and BVI News Online is a clear demonstration of the central thesis of this study: that copyright-based industries are highly efficient users of foreign exchange and creators and users of domestic capital, particularly the capital embodied in the training and education of the human resource. This is evident from the present relatively large valuation of the enterprises based on a very small initial capital outlay.

5.7 Summary of Lessons Learnt from the Profiled Firms

All the firms profiled had two common characteristics:

1. They were all managed by their owners or one of the owners where there were more than one shareholder.
2. They all had a formal business structure, even where the firm had essentially one worker.

Given the rudimentary level of manufacturing in the OECS, all the firms imported most, if not all, of their capital and intermediate goods, generally from outside the OECS and CARICOM. However, no-one mentioned this as a constraint to their business, although at least one firm found it problematic to ship its products to its customers in CARICOM. Given this high propensity to import, it would be interesting to compare the import productivity of firms in the copyright sector with firms in other sectors of the economies of Member States of the OECS. The availability and skill of labor was not mentioned as a constraint and in fact most firms indicated that they had a relatively large number of employees with tertiary education including graduate degrees. This was true for the very small one- or two-person firms as well as the larger firms with fifty or more employees.

In terms of marketing, all the firms recognized the limitations of their individual island markets and sought to export some of their goods and/or services, mostly within the region but also internationally. The firms located in smaller markets such as Dominica tended to have a greater percentage of their sales (as high as 90%) from exports. Many of the firms found that it made good business sense to form partnerships and alliances with foreign collaborators which allowed them to gain access to foreign markets and/or technology. This tendency was evident in the larger firms such as Freestyle, as well as in midsize firms such as Hama or even among musicians. In terms of financial success, all the firms opined that the income and/or profits from their enterprises was adequate to guarantee at least a middle-class standard of living as it would be measured in their island home.

Although the firms profiled could each be identified with a particular industry in the core copyright group, most tended to have a secondary activity as well, mainly software, databases and new media. This is likely due to the shallowness of the local market as well as an indication of the convergence of the various strands of Information and Communications Technology (ICT).

Most of the firms profiled have embraced the internet as a key component of their production and/or marketing, as illustrated in the column on Secondary Activity in **Table 5.1**. The internet is emerging as a cross-cutting facility and the tools required for its use are blurring the interpretation of the activity labelled 'software, data-bases and new media'. The profiles show that the firms, although operating from their island home bases, have been able to successfully sell their services and/or products to customers across the Caribbean and further afield, increasingly relying on the high-speed internet to bring their products to the attention of buyers as well as to deliver digital goods and services directly to consumers. Furthermore, their success has not depended on concessions or special interventions by the governments.

The profiled firms indicated two areas where policy interventions would assist their operations:

1. Actions to reduce piracy of copyright products and
2. The creation of new financial products and/or mechanisms that are suitable for firms operating in the copyright sector, particularly those firms whose operations involve little physical assets.

5.8 Statistical Profile of the Copyright Sector

The statistical profile of the copyright sector was developed based mainly on a cluster sample of businesses in St. Lucia. This sample also provided the main data on which the copyright factors were estimated. The methodology used for the survey, as well as the detailed survey results, are to be found in **Annex 3** of this Report. The detailed characteristics of the selected sample are also reported in this Annex, in **Table A3.1**, **Table A3.2**, etc.

5.8.1 Basic Entrepreneurship Characteristics

While the survey was distributed proportionately across St. Lucia, respondents were concentrated in the urban areas of Castries Suburban (24%) and Castries Rural (19.6%), and in the tourism center of Gros Islet (21.4%) (**Table A3.1**). The majority of the respondents were owners of the businesses (83%) (**Table A3.2**). Entrepreneurs of the copyright-based industries appear to be primarily urban male, with the gender focus perhaps the result of a combination of persistent adverse socialization, high income risk and the cost of social stigma directed to females. About 89% of the respondents in printing and related activities were male, all of jewelry manufacturing, sound recording and computer programming, 80% of copying and 94% of the creative arts and entertainment (live performances) (**Table A3.3**).

5.8.2 Type of Industry

The Survey was designed to find those firms that produce or employ copyright, and to measure the amount of such supply and demand. The industrial structure of the responding sample is set out in **Table A3.4**. Of the 272 firms that responded, 50 or 18% were in creative arts and entertainment (live performances); 7 or 2.8% in motion picture, video and sound recording; 10 or 3.7% in photographic activity; 13 or 4.8% in manufacture of textiles, garments and footwear; 5 or 1.8% in manufacture of furniture; 4 or 1.5% in jewelry; 11 or 4% in computer software and minor production; and 4 or 1.5% in design-related activities. There were three firms in radio and television, accounting for 1.1% of the sample. An important characteristic of several of these segments is that they can access the global market directly through the internet using the best available broadband, in particular radio and television, motion picture, video and sound recording, and photographic activity. All of these are central forms of copyright-based production. Interestingly, there is no significant representation of production of musical instruments.

5.8.3 *Industry resourcing*

The copyright sector appears to have comparatively strong foundations for take-off into sustained growth. The typical enterprise had fixed business premises or premises within the household (84.6%). Only 5% were roving musicians/vendors (**Table A3.5**). While respondents in agriculture had no better than primary education and those in garment production at most secondary education, 56% of those in creative arts and entertainment had secondary or tertiary education and 24% had tertiary. Similarly, 80% of those in photographic activity had secondary or tertiary, with 20% being tertiary. A similar high degree of reliance on tertiary education can be found in design activities, sound recordings and software production. Printing and related activities appear to rely mainly on secondary education (**Table A3.6**). Perhaps even more important, the majority also have secondary education or better (67%), with as much as 28% of those responding having tertiary education. This pattern in the sample is similar among the owners of the micro and small enterprises (**Table A3.2**).

5.8.4 *Receipts of License Fees and Royalties*

Firms were asked to indicate whether they received license fees from local or foreign sources. **Table A3.7** documents the responses. Of the 265 cases responding to the survey, 11 or 4.15% indicated receipts of license fees. Among these recipients, four (4) were involved in creative arts and entertainment activities, one (1) was in retailing of food and clothing, one (1) was in sound recording, one (1) was in TV and radio broadcasting, and one (1) was in computer programming. Most of those receiving licenses from foreign sources were involved in computer programming or in the creative arts and entertainment industry. **Table A3.8** provides similar information on the receipt of royalties by respondents. Of the 264 cases responding to the survey questions, 18 or about 7% indicated receipts of royalties. Among these recipients, nine (9) were involved in creative arts and entertainment activities and three (3) were in sound recording.

5.8.5 *Financing*

As with all emerging sectors, access to financing is fundamental to the development of capacity in the copyright sector. Respondents were asked to indicate what percentage of their financing of capital accumulation was by retained earnings or by credit. Of the sample, 80 cases responded to the question of the percentage financed by retained earnings and 31 to the question of the percentage financed by credit. The data, as reported in **Tables A3.9** and **A3.10**, indicate that the majority of the respondents relied primarily on the use of retained earnings to finance their accumulation of capital. About 57% of the persons responding to the question about the percentage of their financing coming from retained earnings indicated that they relied completely on retained earnings and 68% relied on retained earnings to cover 80% or more of their capital investments. The evidence also suggests that about 35% of the 31 respondents to the question of their extent of financing capital accumulation using credit relied completely on loans (**Table A3.10**). With respect to the general financing of all operations in the last year, including the financing of working capital, the data reported in **Table A3.11** show that the vast majority of establishments, 88.2%, did not use credit in the last year.

5.8.6 *Distribution of Copyrighted Products without Copyright Cover*

The evidence collected in the sample survey suggests that the problem of distribution of copyright-based products without proper copyright cover is substantial in the OECS. The following question was posed to likely respondents: 'Do you distribute products without copyright cover? [Yes] [No]'. The responses, reported in **Table A3.12 of Annex 3** show that, overall, about 21% of the respondents indicated distributing copyright materials without the requisite copyright cover. This tendency was spread unevenly across the respondents, and included persons in the creative sector. The estimated rate of unauthorized distribution among producers in the creative arts and entertainment sector itself was nearly 18%. These results suggest that there is a significant risk that the unauthorized distribution of copyright products can undermine the project to expand the copyright sector and its vital linkages to other industries in the OECS, such as tourism.

6. ESTIMATING THE INTERDEPENDENT, PARTIAL AND NON-DEDICATED COPYRIGHT FACTORS

The copyright factors for St. Lucia and the OECS are based on two main sources. First, from the responses to the random samples of small and micro firms, an estimate was obtained of the subjective assessment of the importance of copyright to each industry. Similarly, an estimate was provided of the share of copyright in the sales of the industry. The second source is the set of estimates from a selected set of comparable countries conducting similar studies using sample surveys under the WIPO project. In this case, we have chosen the Philippines, a country which has a significant tourism sector: tourism and related services make up the major exporting sector of the OECS. The study of the Philippines relied on the Singapore survey estimates in preparing its copyright factors. Finally, the estimates for Jamaica are also used. These relied primarily on factors from the survey-based estimates of Mexico and both economies are characterized by a high degree of dependence on tourism.

The copyright factors have been broadly estimated so far without using the detailed financial data on the share of copyright in employment, output or trade of the responding firms. Nevertheless, they are broadly consistent with estimates used in other country studies under the WIPO project to estimate the contribution of copyright to the economy.

6.1 The Importance of Copyright

To obtain a qualitative assessment of the significance of copyright to the partial copyright sector, each respondent was asked the following question, with response options: 'How important is copyright to the operations of your organization? [1] very important; [2] important; [3] not important'. The question was posed by a trained interviewer after explaining to the respondent the nature of copyright as a property right. Following the method adopted in the Brunei study (2011), a preliminary numerical index was attached to the responses as follows: [0.9] very important; [0.42] important; [0] not important. The index of 0.42 is the geometric mean of the two Brunei significance factors: significant (0.6); and slightly significant (0.3). Next, the preliminary copyright factor was computed according to the arithmetic mean significance score provided by all respondents in the sector. The resulting estimates are reported in **Table 6.1**. The prior estimates generated by the Brunei copyright survey are reported for comparison. The highest prior significance weight (0.9) is claimed by producers of paper and related products, followed by design activities (0.54). The lowest significance weight is attached to the manufacture of jewelry, including costume jewelry (0.21). The estimates provide a starting point for estimating the share of copyright in certain sectors that are known to produce copyrighted output, but for which no factors were previously available because of the absence of reliable survey data. These are: (i) hotels and restaurants (0.49); (ii) insurance and real estate (0.42); and design activities (0.54).

In an effort to reduce bias that might arise from the small number of cases in any group of respondents, the next step was to apply size weights to the significance scores, where the size weights were the number of employees in the firm. Under market pressures to sustain paid employment, firms with more than one employee are likely to pay more attention to all possible sources of earnings, and would accordingly devote more effort to identifying earnings from copyright. Their evaluation of the significance of copyright might be somewhat more in line with commercial practice. The employment-weighted copyright factors are reported in **Table 6.2**.

As expected, they vary substantially for those industries that contain firms which employ more than one person. The highest copyright factor still goes to manufacturing of paper and related products (0.9). However, the next highest copyright factor is now that of hotels and restaurants (0.62), followed by manufacturing of textiles (0.6) and manufacturing of furniture (0.51). The copyright factor claimed by manufacturers of jewelry falls to 0.1.

The above estimates attempt to eliminate bias from the subjective answers provided to the question of the importance of copyright. The copyright factors can also be based on the specific share of the company sales generated by copyright-based activities. The question posed was: 'What percentage of turnover is attributable to copyright-related activities in your company?' The estimates are reported in **Table 6.3**. The data show

attributions of turnover to copyright as follows: (i) the manufacture of paper and related products, 50%; glass and related refractory products, including chinaware, 30%; and furniture, 20%. It is also important to note that responding firms attributed to copyright an average of 8.5% of insurance and real-estate sales.

Table 6.1: Prior copyright factors reflecting the significance which responding firms attach to copyright in their operations

Industry group	N	Mean (preliminary copyright factor)	Brunei preliminary estimate
Manufacturing of textiles, garments and footwear	13	0.475385	0.4874 (average)
Manufacturing of paper and related products	2	0.9	
Manufacturing of glass and related refractory products	1	0.42	0.675 (average)
Manufacturing of furniture	5	0.36	0.38
Manufacturing of jewelry	4	0.21	0.90
Other manufacturing	4	0.33	0.6
Hotels and restaurants	9	0.493333	n/a
Insurance and real estate	25	0.4272	n/a
Design activities	4	0.54	n/a

Source: CSO Sample of small establishments involved in copyright, 2011; Brunei Report, WIPO

Table 6.2: Copyright factors weighted by employment size

Industry	Employment-weighted copyright factor	Copyright factor based on percentage of sale
Manufacturing of textiles, garments	0.6035294	0
Manufacturing of paper/related products	0.9	0.5
Manufacturing of glass and refractory	0.42	0.3
Manufacturing of furniture	0.5142857	0.2
Manufacturing of jewelry	0.105	0
Other manufacturing	0.33	0
Hotels and restaurants	0.6207692	0
Insurance and real estate	0.492439	0.085
Design activities	0.4885714	0

Source: CSO Sample of small establishments involved in copyright, 2011

Table 6.3: Copyright factors obtained from share of copyright sales in gross turnover

Industry	N	Mean
Manufacturing of textiles, garments	13	0
Manufacturing of wood/related	12	0.666667
Manufacturing of paper/related	2	0.5
Manufacturing of glass and	1	0.3
Manufacturing of furniture	5	0.2
Manufacturing of jewelry	4	0
Other manufacturing	4	0
Retail sale other	9	0.062222
Hotels and restaurants	9	0
Insurance real e	25	0.0852
Design activities		0

Source: CSO Sample of small establishments involved in copyright, 2011

6.2 Final Copyright Factor Estimates

The estimates presented in **Tables 6.1-6.3** are now used to prepare final copyright factors consistent with the WIPO Guide and the practices of other countries. As in the WIPO Guide, all identified core copyright industries are assigned a copyright factor equal to 1.

To use these survey estimates in preparing the final copyright factors for the interdependent copyright production of paper, and all the other partial and non-dedicated copyright-based sectors in the St. Lucia accounts, the employment-weighted subjective estimates provide a baseline. However, we assume that where an establishment indicates that it has received a positive share of its *turnover* from copyright, the indicated share is combined with the employment-weighted subjective assessments. Further, where the responses on the share of the turnover are zero, the subjective responses are used as a valuation method. Finally, the local estimates are reconciled with international standards by computing an appropriate mean of the local employment-weighted subjective estimates, the non-zero turnover shares, and the sales-weighted estimates adopted from the Philippines and Jamaica. The next question we addressed is what constitutes an appropriate mean in this case. In principle, since we are using means of fractions, the harmonic mean is most appropriate from a mathematical standpoint. The resulting factors are reported in **Table 6.4**.

Table 6.4: Final Copyright Factors

	Copyright factors, Philippines	Copyright factors, Jamaica	Preliminary Copyright factors, survey of establishments	Employment -weighted copyright factors, survey of establishments	Copyright factors estimated from share of turnover	Initial Copyright factors, St. Lucia
Copyright Sector						
Core Copyright Industries						
Press and literature	1	1	1	1	1	1
Music theatrical production, opera	1	1	1	1	1	1
Motion picture, video and sound	1	1	1	1	1	1
Radio and television	1	1	1	1	1	1
Photography, visual and graphic arts	1	1	1	1	1	1
Software, databases and new media	1	1	1	1	1	1
Advertising services	1	1	1	1	1	1
Copyright collective management societies	1	1	1	1	1	1
Interdependent Copyright Industries						
TVs, radios, VCR, CD and DVD players, electronic gaming and equipment	0.35		NA	NA	NA	NA
Computers and equipment	0.35		NA	NA	NA	NA
Musical instruments	1	1	1			1
Photographic and cinematographic instruments	0.3		NA	NA	NA	NA
Photocopiers	0.3		NA	NA	NA	NA
Blank recording material	1		NA	NA	NA	NA

Table 6.4: Final Copyright Factors (continued)

Paper	0.25		0.9	0.9	0.5	0.421875
			Partial Copyright Industries			
Tailors, dressmakers, and shoe repair	0.004	0.005	0.475385	0.6035294	0	0.0066
Leather and leather products	0.42		0.475385	0.6035294	0	0.495310341
Pottery and china	0.006	0.005	0.42	0.42	0.3	0.01074
Museums	0.42	0.5				0.45652
Jewelry, coins	0.42	0.25	0.42	0.42		0.34239
Architecture, engineering and surveying	0.083	0.5	0.54	0.4885714		0.18639
Furniture and related products	0.017	0.05	0.36	0.514	0.2	0.04664
Interior design	0.083		0.54	0.4885714		0.14189
			Non-dedicated Support Industries			
General wholesale and retail	0.058	0.05	0.446	0.660	0.062	0.07288
General transportation	0.058	0.057	0.446	0.660	0.062	0.07629
Telephony and Internet	0.058	0.057	0.446	0.660	0.062	0.07629

6.3 Adapting the SLU factors for other Countries in the OECS

It is assumed that St. Lucia has an industry structure that is sufficiently comparable to those of the other OECS countries. We therefore rely on the copyright factors of St. Lucia to form appropriate copyright factors for the rest of the OECS. As a general matter, the assumption of similar structure corresponds to the assumption of similar industrial sector productivity. The WIPO Guide (2003) recommends a generic approach in this case, as used by the Norwegian study, which drew on Finnish comparisons. Let α_i be the reported value added for the aggregate sector code of the OECS country other than St. Lucia. Let β_i be the estimated value added or other indicator for the aggregate code of St. Lucia. Also, let f_{comp} be the copyright factor (share of the coded sector) of St. Lucia corresponding to the missing factor for the OECS. Then, the factor of the OECS country is estimated by rescaling the St. Lucia factor using the ratio of the value added for the relevant coded aggregate. That is,

$$1. f_{OECS} = \frac{\alpha_i}{\beta_i} f_{SLU}$$

If subsector data are available, we use a simple average over the respective subsectors to get:

$$2. \overline{f_{OECS}} = \frac{1}{n} \sum \frac{\alpha_i}{\beta_i} f_{SLU}$$

6.4 Estimating the Potential of Collective Management

Individual creators or owners of rights often seek to pursue the management of their rights individually, particularly where large firms are the owners of these rights. This is particularly true for works in press and literature, photography, motion picture, software and databases. However, with the explosion of the use of copyright material and the dramatic reduction in the complexity and cost of reproducing copyright material of all sorts, even large firms find it necessary to take collective action to protect their rights and collect the revenues due to them. Issues confronted include imposition of an appropriate levy for private copying; pursuit of the right to equitable remuneration for the public performance of a rights holder's sound recordings; the right of display of artistic works in broadcasts, or public display in cable television and cinemas. In the field of music, where the value involved in an individual work may be small relative to the costs and complexities of the process of monitoring the use of property and pursuing rights, collective management of the Performing Right is essential for ensuring that copyright royalties are negotiated, paid, collected, and distributed to the rights owners. Collective Management Organizations are a crucial element of the copyright infrastructure in the music subsector, without which the rights holders cannot receive the benefits of the right of public performance of their works as guaranteed by law. In the OECS, collective management organizations dealing with rights other than music do not exist and thus the true potential of collective management is not adequately reflected in the data that is available. Consequently, the data reported for collective management is an estimate of the potential that exists for collective management for the various rights where collective management is the norm.

As of December 2011, ECCO is the only functioning collective management organization (CMO) operating in the OECS. ECCO seeks to protect the public performance, broadcasting, cable transmission and online rights for authors and composers of music (collectively known as the Performing Right).²⁰ The estimation process in this Study has depended heavily on the data provided by ECCO. As of December 2011, ECCO had 403 members made up of 391 writers and 12 music publishers. ECCO has its headquarters in St. Lucia, with a General Manager and 3 full-time staffers and 1 part-time licensing officer. There is one licensing agent each in Antigua and Barbuda, Dominica, St. Vincent and the Grenadines and Grenada. After two years of operation, the agents in Grenada and Antigua and Barbuda have only been able to issue one license each, while no licenses have been issued in St. Vincent and the Grenadines after one year of operation. In Dominica, the situation is better with 59 licenses, which ECCO estimated to be about 30% of the number of potential licensees as of March 2013. One of the licensees was a cable operator. No broadcaster has yet been licensed. In the financial year ended December 2010, total revenues were \$773,683 made up of \$765,115 royalties and \$8,568 membership application fees. Administrative and general expenses in 2010 were \$570,514 plus \$7,608 net interest expenses. Thus, ECCO had a net distributable comprehensive income of \$197,219.²¹

²⁰ Although ECCLA, the RRO for the sub-region is legally registered as of March 2013 it had not yet begun operation.

²¹ Source: ECCO INC Audited Financial Statements 2010: Price, Coopers Waterhouse, Castries St. Lucia.

The ratio of expense to income in 2010 was 73.74%, which is considerably above the international norm. According to CISAC standards, administrative costs should not exceed 30% of total revenues collected.²²

Table 6.5 provides information on the extent of market penetration by ECCO in St. Lucia as of November 2011, and provides useful insight on the extent of copyright compliance in the sub-region. The data show that overall the penetration rate of the market for public performance royalties in St. Lucia is only 26%, after 11 years of concerted effort to license music users. Using the experience of ECCO as a guide, especially its operations in St. Lucia, one can infer that the compliance level of copyright users in the OECS, including firms in the copyright sector such as broadcasters that use copyright material as inputs, is very low. We are also guided by the experience of Trinidad and Tobago in building a capacity to enforce copyright through collective management. As in St. Lucia, collective management has evolved largely around the potential of 'music, theatrical productions, opera'. We assume that the resulting ratio of collective management performance in Trinidad and Tobago to the size of this core subsector is similar to the actual and potential achievement of the OECS countries. Accordingly, we use the St. Lucian data from ECCO and the ratio of collective management to 'music, theatrical productions, opera' to estimate the actual or potential outcomes of both private and collective enforcement in each country. Specifically, we use the Trinidad and Tobago factor of 10.4% collective management to measure the value of copyright protection activity, private and collective. The result will be a measure of the potential output and employment that the sector can or does generate in the country.

Table 6.5: ECCO Market Penetration in St. Lucia, November 2011

Type of Licensee	Potential Licensees	Number Licensed	% of License Coverage
Hotels/ guest houses	34	14	41
Banks/ financial institutions	13	6	46
Restaurants	38	8	21
Supermarkets	15	10	67
Boutiques	36	11	31
Barber shops/ hairdressers	100	0	0
Radio stations	13	5	38
TV/ cable	9	3	33
Cinemas	1	0	0
Permits/ small events	130	35	27
Concerts and other live events	40	20	50
TOTAL	429	112	26

Source: ECCO Records and Estimates

From the standpoint of ECCO, given the limited opportunities for reducing expenses while maintaining the service levels required by the membership and ECCO's international obligations, the principal way to effect the necessary change in the expense/income ratio is to grow the income rapidly while reducing costs where possible. To achieve these objectives, the organization has begun an aggressive litigation campaign targeting unlicensed users with the largest income potential while at the same time contracting a Spanish firm to monitor broadcasters' use of its repertoire, using Digital DNA technology in order to have more accurate data at a lower cost for royalty distribution purposes.

²² <http://www.cisac.org/CisacPortal/page.do?id=50>.

7. CONTRIBUTION OF COPYRIGHT TO GDP IN THE OECS

In this section, estimates are provided of the share of GDP contributed by copyright-based activities. Estimates are also provided of the structure of output within the Core, Interdependent, Partial and Non-dedicated copyright sectors. The estimates are first presented for each country that provided national accounting data for use in the Study and then are used to present a broad assessment for the OECS as a whole.

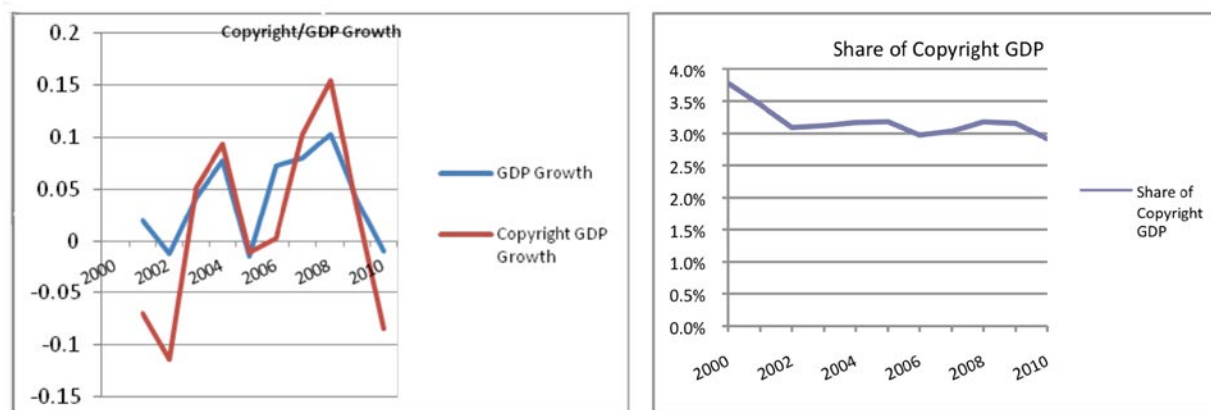
7.1 Contribution of Copyright to GDP in Dominica

The data in **Table 7.1** show that in the case of Dominica, copyright value added was approximately EC\$38.7 million in 2000, or about 4.4% of a GDP of EC\$876 million. Thereafter, the level and share of copyright output declined to EC\$33.2 million or 3.4% of the GDP of EC\$976.3 million in 2005. This was largely the result of the emphasis placed on cruise ship tourism as the engine of growth, along with significant infrastructure projects to develop the airport, road networks and protective sea walls. Activity in the copyright sector picked up comparatively slowly after 2005, to generate output of about EC\$42.7 million by 2010, but this was only 3.3% of the Dominica GDP of EC\$1,284.4 million. **Figure 7.1** graphs the path of the copyright share and output growth over the period.

Table 7.1: Estimates of the share of the copyright sector in GDP, Dominica

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP (Current, millions)	876.0	893.5	882.8	920.1	990.7	976.3	1046.8	1130.7	1247.8	1296.4	1284.4
Copyright GDP	38.7	36.9	32.5	30.7	32.7	33.2	34.2	36.9	41.1	45.7	42.7
Share of copyright GDP	4.4%	4.1%	3.7%	3.3%	3.3%	3.4%	3.3%	3.3%	3.3%	3.5%	3.3%
GDP growth		2.0%	-1.2%	4.2%	7.7%	-1.5%	7.2%	8.0%	10.4%	3.9%	-0.9%
Copyright GDP growth		-4.6%	-12.1%	-5.4%	6.4%	1.8%	2.8%	7.9%	11.6%	11.1%	-6.5%

Figure 7.1: Growth of the Economy and the Copyright Sector, Dominica, 2000-2010



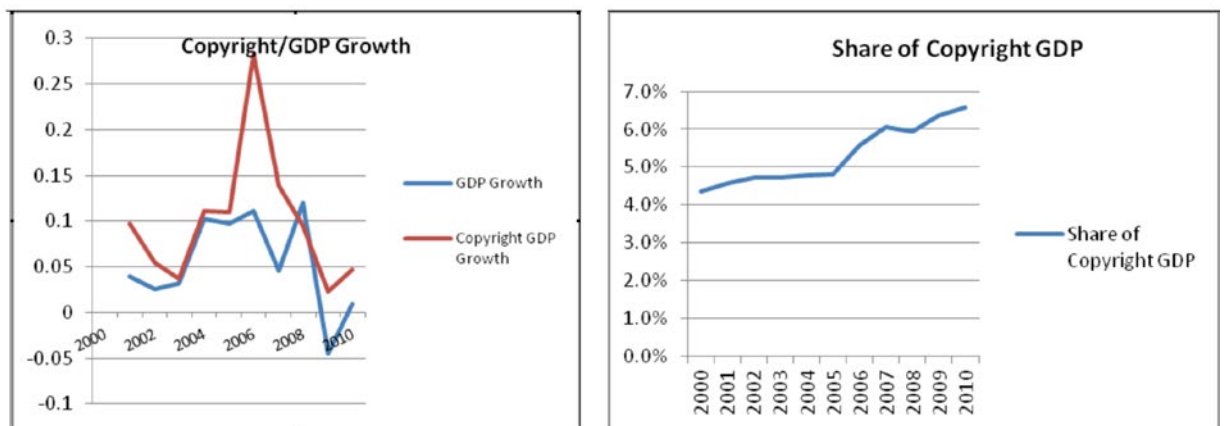
7.2 Contribution of Copyright to GDP in Grenada

The data in **Table 7.2** show that in the case of Grenada, the copyright sector accounted for EC\$81.1 million or 5.8% of the Grenada GDP of EC\$1403.3 million in 2000. By comparison, the copyright sector accounted for EC\$120.7 million or 6.4% of the Grenada GDP of EC\$1403.3 million in 2005, as the sector outgrew the economy. Since then, however, as education and tourism have grown relatively faster, the share of the copyright sector has fallen over the decade. GDP was approximately EC\$2095.8 million in 2010, with a copyright sector accounting for approximately EC\$95.8 million or 4.6% of that output. So, not only has the sector declined absolutely, but also its share in GDP has been trending downwards. **Figure 7.2** graphs the path of the copyright share in Grenada over the period as well as the growth path.

Table 7.2: Estimates of the share of the copyright sector in GDP, Grenada

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP (current prices, million)	1403.3	1404.1	1459.4	1588.0	1604.5	1883.0	1892.8	2049.8	2241.0	2055.0	2095.8
Copyright GDP	81.1	76.2	79.8	86.1	88.5	120.7	106.8	113.7	117.3	103.7	95.8
Share of copyright GDP	5.8%	5.4%	5.5%	5.4%	5.5%	6.4%	5.6%	5.5%	5.2%	5.0%	4.7%
GDP growth		0.1%	3.9%	8.8%	1.0%	17.4%	0.5%	8.3%	9.3%	-8.3%	2.0%
Copyright GDP growth		-6.0%	4.6%	7.9%	2.8%	36.3%	-11.5%	6.4%	3.2%	-11.6%	-7.6%

Figure 7.2: Growth of the Economy and the Copyright Sector, Grenada, 2000-2010



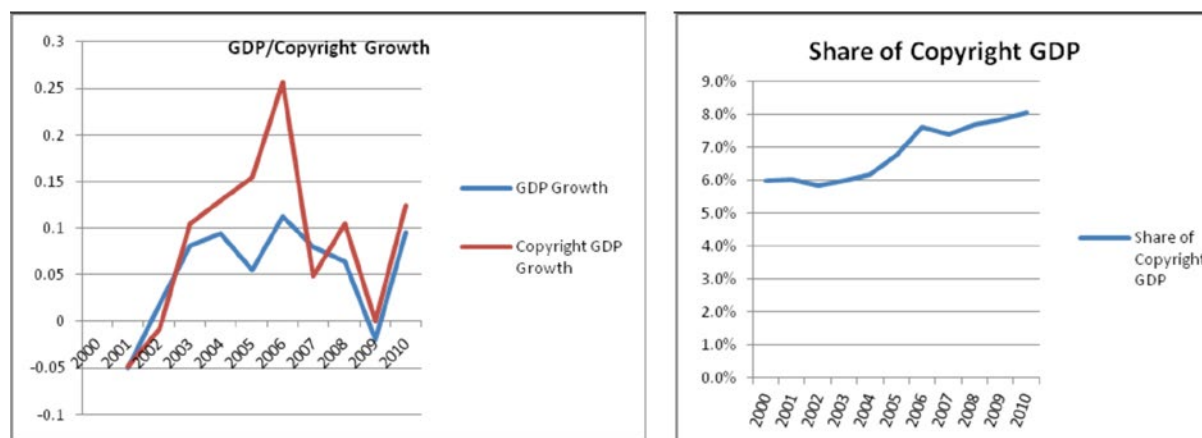
7.3 Contribution of Copyright to GDP in St. Kitts and Nevis

The data in **Table 7.3** show that in the case of St. Kitts and Nevis, GDP was approximately EC\$880.9 million in 2000, with a copyright sector accounting for approximately EC\$38.6 million or 4.3% of the total. Between 2000 and 2005, GDP grew but copyright activity grew faster, so that in 2005, the copyright sector accounted for EC\$57.1 million or 4.8% of the GDP of EC\$1184.5 million. Copyright sector activity also picked up comparatively after 2005. Thus, the share of the sector grew over the ensuing 5 years to 6.6% of GDP, amounting to EC\$97.8 million of a GDP of EC\$1484.7 million. **Figure 7.3** graphs the path of the copyright share and the sector growth rate over the period. The copyright sector was substantially more volatile but generally tended to grow faster than the rest of the economy.

Table 7.3: Estimates of the share of the copyright sector in GDP, St. Kitts and Nevis

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP millions	888.9	924.5	947.6	978.2	1078.9	1184.5	1315.5	1375.0	1540.0	1471.3	1484.7
Copyright GDP	38.6	42.4	44.7	46.3	51.5	57.1	73.3	83.4	91.3	93.4	97.8
Share of copyright GDP	4.3%	4.6%	4.7%	4.7%	4.8%	4.8%	5.6%	6.1%	5.9%	6.4%	6.6%
GDP growth		4.0%	2.5%	3.2%	10.3%	9.8%	11.1%	4.5%	12.0%	-4.5%	0.9%
Copyright GDP growth		9.7%	5.5%	3.7%	11.1%	10.9%	28.3%	13.9%	9.5%	2.3%	4.7%

Figure 7.3: Growth of the Economy and the Copyright Sector, St. Kitts and Nevis, 2000-2010



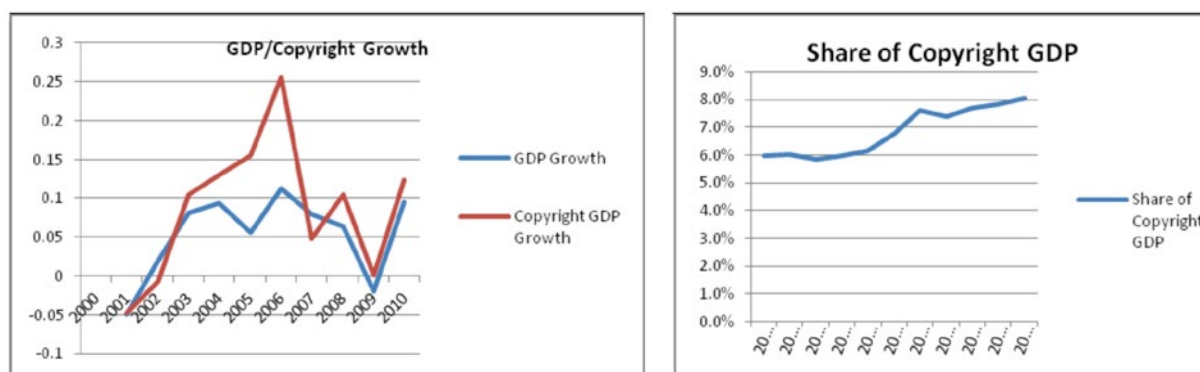
7.4 Contribution of Copyright to GDP in St. Lucia

The data in **Table 7.4** show that the St. Lucia GDP was approximately EC\$1890 million in 2000. The copyright sector accounted for approximately EC\$113.3 million or 6% of this GDP. In 2005, the copyright sector accounted for EC\$154.3 million or 6.7% of the GDP, reflecting an overall increase in the copyright share as the GDP grew with an expanding tourism sector. The level of activity of the copyright sector picked up further between 2005 and 2010, so that by 2010, the sector accounted for EC\$252.4 million, or about 8% of the St. Lucia GDP of EC\$3141.7 million. So, the copyright sector outgrew the economy as a whole. **Figure 7.4** graphs the growth rates and the path of the copyright share over the period.

Table 7.4: Estimates of the share of the copyright sector in GDP, St. Lucia

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP (Millions, current prices)	1890.0	1796.0	1830.1	1979.6	2166.4	2286.9	2544.2	2747.8	2924.9	2868.4	3141.7
Copyright GDP	113.3	107.8	107.0	118.2	133.6	154.3	193.8	203.1	224.5	224.6	252.4
Share of copyright GDP	6.0%	6.0%	5.8%	6.0%	6.2%	6.7%	7.6%	7.4%	7.7%	7.8%	8.0%
GDP growth		-5.0%	1.9%	8.2%	9.4%	5.6%	11.3%	8.0%	6.4%	-1.9%	9.5%
Copyright GDP growth		-4.8%	-0.7%	10.5%	13.0%	15.5%	25.6%	4.8%	10.5%	0.0%	12.4%

Figure 7.4: Growth of the Economy and the Copyright Sector, St. Lucia, 2000-2010



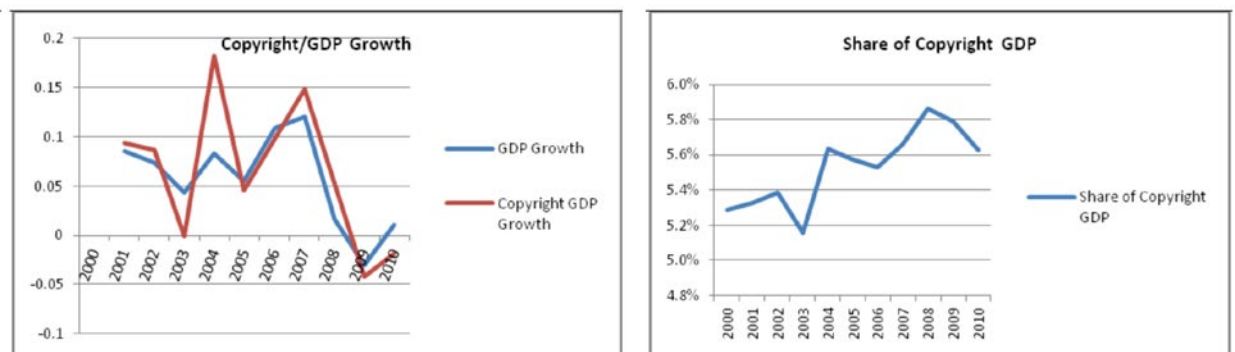
7.5 Contribution of Copyright to GDP in St. Vincent and the Grenadines (SVG)

The data in **Table 7.5** show that in the case of St. Vincent and the Grenadines, GDP was approximately EC\$1,069.9 million in 2000, with the copyright sector accounting for approximately EC\$56.5 million or 5.3% of that output. By 2005, the copyright sector accounted for EC\$82.9 million or 5.6% of the St. Vincent and the Grenadines GDP of EC\$1,487 million. Thus, the relative importance of the sector grew marginally over the period. This process of marginal relative growth is broadly indicative of underinvestment in the sector. It continued throughout the decade to 2010, when the copyright sector continued to generate about 5.6% of the GDP, amounting to output of EC\$103.5 million in a GDP of EC\$1,838.5 million. **Figure 7.5** graphs the growth path and share of the copyright sector over the period. Overall, it illustrates that the copyright sector tended to outgrow the economy throughout the decade, leading to an overall increase in the sector contribution to GDP.

Table 7.5: Estimates of the share of the copyright sector in GDP, St. Vincent and the Grenadines

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP (current prices)	1069.9	1161.8	1247.1	1300.87	1409.25	1487.04	1648.26	1846.85	1877.58	1820.36	1838.59
Copyright GDP	56.5	61.8	67.2	67.1	79.4	82.9	91.1	104.6	110.0	105.5	103.5
Share of copyright GDP	5.3%	5.3%	5.4%	5.2%	5.6%	5.6%	5.5%	5.7%	5.9%	5.8%	5.6%
GDP growth		8.6%	7.3%	4.3%	8.3%	5.5%	10.8%	12.0%	1.7%	-3.0%	1.0%
Copyright GDP growth		9.4%	8.7%	-0.2%	18.3%	4.5%	9.8%	14.8%	5.2%	-4.2%	-1.9%

Figure 7.5: Growth of the Economy and the Copyright Sector, St. Vincent and the Grenadines, 2000-2010



7.6 The Structure of the Copyright Sector

In all the countries of the OECS, the structure of the copyright sector has changed significantly since 2000. Moreover, there are significant differences in the paths of the countries. As could be expected, in the absence of a strong manufacturing sector, most of the activities are in the Core Copyright Sector and the Non-dedicated Support Sector.

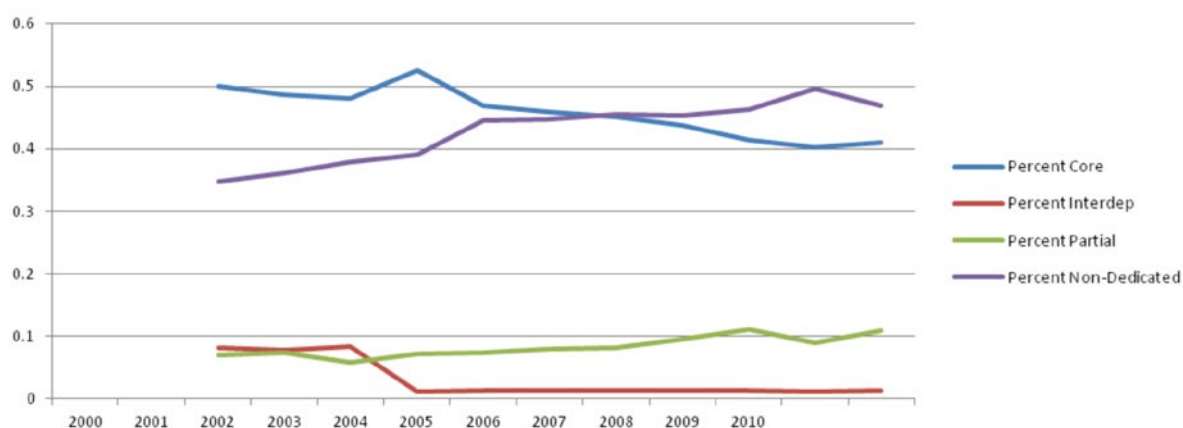
7.6.1 Dominica

Figure 7.6 illustrates the trends in the share of the subsectors of copyright activity in Dominica, based on the numerical evidence in **Table 7.6**. The general trend has been for the share of the output of the core copyright sector to decrease over time, from 50.5% in 2000 to 36.8% in 2010. Corresponding to the falling share of core copyright is the increase of the contribution of partial copyright activity, which increased its share from 13.5% of total copyright activity in 2000 to 20% in 2010; and of non-dedicated copyright from 34.5% to 40.7% over the same period. Interdependent copyright also increased as a share of the copyright sector, from 5.3% in 2000 to 8.8% in 2010.

Table 7.6: Structure of Copyright Sector, Dominica, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added copyright	38.7	36.9	32.5	30.7	32.7	33.2	34.2	36.9	41.1	45.7	42.7
Value added core	19.32	17.98	15.57	16.15	15.30	15.29	15.41	16.15	17.00	18.40	17.55
Per cent core	49.9%	48.7%	48.0%	52.6%	46.9%	46.0%	45.1%	43.8%	41.3%	40.3%	41.1%
Value added interdependent	3.18	2.88	2.73	0.37	0.40	0.42	0.44	0.49	0.52	0.54	0.54
Per cent interdependent	8.2%	7.8%	8.4%	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%	1.2%	1.3%
Value added partial	2.7	2.7	1.9	2.2	2.4	2.6	2.8	3.5	4.6	4.1	4.6
Per cent partial	7.0%	7.4%	5.8%	7.2%	7.4%	8.0%	8.2%	9.6%	11.1%	9.0%	10.9%
Value added non dedicated	13.5	13.3	12.3	12.0	14.5	14.9	15.5	16.7	19.0	22.6	20.0
Per cent non-dedicated	34.8%	36.1%	37.8%	39.0%	44.5%	44.8%	45.5%	45.3%	46.3%	49.5%	46.8%

Figure 7.6: Graphs of the Structure of the Copyright Sector, Dominica, 2000-2010



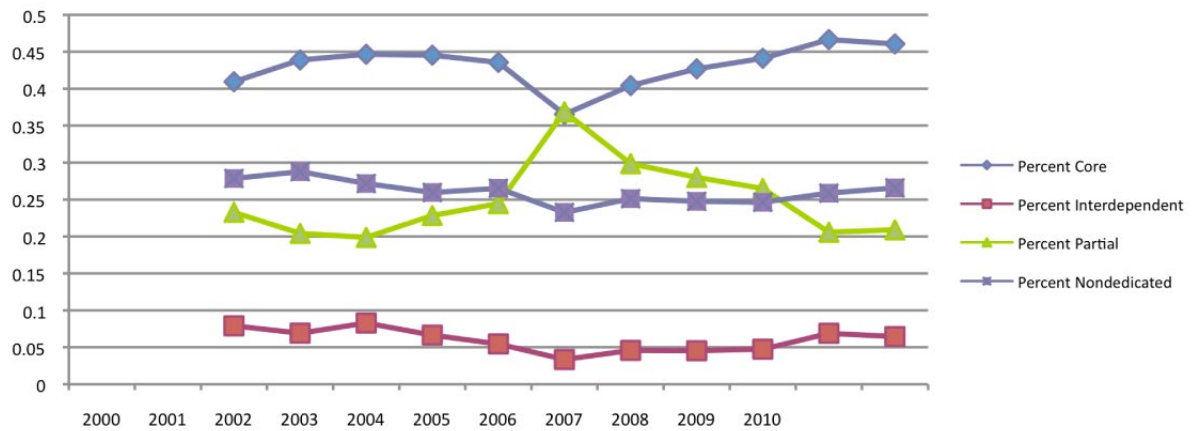
7.6.2 Grenada

Table 7.7 documents the trends in the share of the subsectors of copyright activity in Grenada. The general trend has been for the share of the output of the core copyright sector to increase over time, from 40.9% in 2000 to 46.1% in 2010. Corresponding to the rising share of core copyright is the reduction of the contribution of partial copyright activity, which declined from 23.3% of total copyright activity in 2000 to 20.9% in 2010. There was also some decline in the contribution of the interdependent activities, from 7.9% in 2000 to 6.5% in 2010. **Figure 7.7** illustrates the paths of restructuring of the sector.

Table 7.7: Structure of Copyright Sector, Grenada 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added copyright	81.1	76.2	79.8	86.1	88.5	120.7	106.8	113.7	117.3	103.7	95.8
Value added core	33.2	33.5	35.6	38.3	38.6	44.1	43.2	48.5	51.8	48.4	44.1
Per cent core	40.9%	43.9%	44.7%	44.5%	43.6%	36.5%	40.4%	42.7%	44.1%	46.6%	46.1%
Value added interdependent	6.4	5.3	6.6	5.7	4.8	4.0	4.9	5.2	5.6	7.2	6.2
Per cent interdependent	7.9%	6.9%	8.3%	6.7%	5.5%	3.3%	4.6%	4.5%	4.7%	6.9%	6.5%
Value added partial	18.9	15.6	15.8	19.7	21.7	44.5	31.9	31.8	31.1	21.3	20.0
Per cent partial	23.3%	20.4%	19.9%	22.8%	24.5%	36.9%	29.9%	28.0%	26.5%	20.6%	20.9%
Value added non-dedicated	22.6	21.9	21.7	22.3	23.5	28.1	26.8	28.2	28.9	26.8	25.5
Per cent non-dedicated	27.9%	28.8%	27.2%	26.0%	26.5%	23.3%	25.1%	24.8%	24.6%	25.9%	26.6%

Figure 7.7: Graphs of the Structure of the Copyright Sector, Grenada, 2000-2010



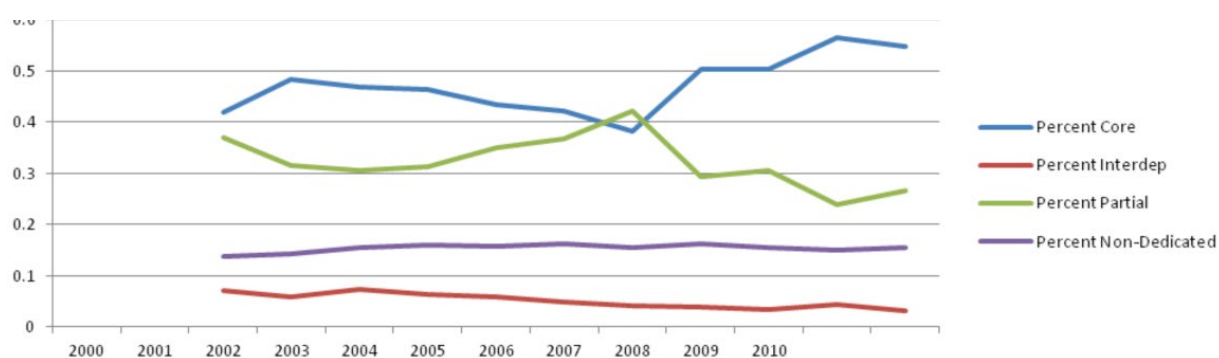
7.6.3 St. Kitts and Nevis

Table 7.8 and **Figure 7.8** document the trends in the share of the subsectors of copyright activity in St. Kitts - Nevis. The general trend has been for the share of the output of the core copyright sector to increase over time, from 51.8% in 2000 to 65% in 2010. Corresponding to the rising share of core copyright is the reduction of the contribution of partial copyright activity, which declined from 20.3% of total copyright activity in 2000 to 14.1% in 2010, and the non-dedicated copyright sector, which declined from 16.7% in 2000 to 12.4% in 2010.

Table 7.8: Structure of Copyright Sector, St. Kitts and Nevis, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added copyright	38.6	42.4	44.7	46.3	51.5	57.1	73.3	83.4	91.3	93.4	97.8
Value added core	20.0	21.4	21.8	24.8	28.9	33.5	45.1	51.2	57.8	61.4	63.6
Per cent core	51.8%	50.6%	48.8%	53.6%	56.1%	58.7%	61.6%	61.4%	63.3%	65.8%	65.0%
Value added interdependent	4.3	5.0	6.6	6.0	6.1	6.5	6.7	7.7	8.2	9.0	8.3
Per cent Interdependent	11.2%	11.7%	14.7%	12.9%	11.8%	11.5%	9.2%	9.2%	9.0%	9.6%	8.5%
Value added partial	7.8	9.4	9.0	8.1	9.4	9.9	12.0	13.2	13.4	12.1	13.8
Per cent partial	20.3%	22.2%	20.1%	17.6%	18.3%	17.3%	16.3%	15.9%	14.6%	13.0%	14.1%
Value added non-dedicated	6.4	6.6	7.3	7.4	7.1	7.2	9.4	11.3	11.9	10.9	12.1
Per cent non-dedicated	16.7%	15.5%	16.4%	16.0%	13.8%	12.5%	12.9%	13.5%	13.1%	11.6%	12.4%

Figure 7.8: Graphs of the Structure of the Copyright Sector, St. Kitts and Nevis, 2000-2010



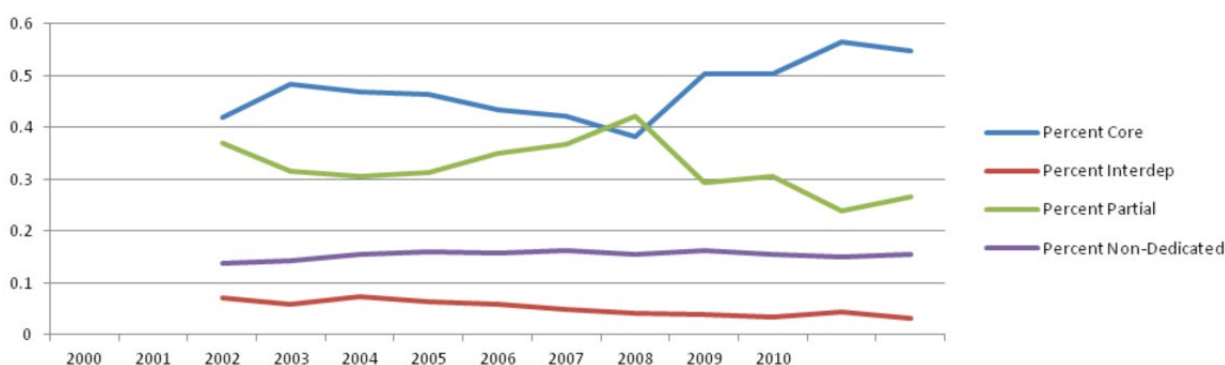
7.6.4 St. Lucia

Table 7.9 and **Figure 7.9** document the trends in the share of the subsectors of copyright activity in St. Lucia. The general trend has been for the share of the output of the core copyright sector to increase over time, from 46.5% in 2000 to 54.6% in 2010. Corresponding to the rising share of core copyright is the reduction of the contribution of partial copyright activity, which declined from 38.2% of total copyright activity in 2000 to 26.6% in 2010.

Table 7.9: Structure of Copyright Sector, St. Lucia 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added copyright	113.3	107.8	107.0	118.2	133.6	154.3	193.8	203.1	224.5	224.6	252.4
Value added core	47.5	52.2	50.0	55.0	57.9	65.0	74.1	102.4	112.8	127.0	138.1
Per cent core	42.0%	48.4%	46.8%	46.5%	43.4%	42.1%	38.2%	50.4%	50.2%	56.6%	54.7%
Value added interdependent	8.0	6.2	7.8	7.4	7.8	7.4	8.1	8.1	7.9	10.1	8.1
Per cent interdependent	7.0%	5.8%	7.2%	6.2%	5.8%	4.8%	4.2%	4.0%	3.5%	4.5%	3.2%
Value added partial	42.0	34.0	32.7	36.9	46.7	56.8	81.6	59.7	68.8	53.7	67.3
Per cent partial	37.1%	31.6%	30.5%	31.3%	35.0%	36.8%	42.1%	29.4%	30.7%	23.9%	26.6%
Value added non-dedicated	15.7	15.4	16.5	18.9	21.2	25.1	30.0	32.9	35.1	33.8	38.9
Per cent non-dedicated	13.9%	14.3%	15.5%	16.0%	15.8%	16.2%	15.5%	16.2%	15.6%	15.0%	15.4%

Figure 7.9: Graphs of the Structure of the Copyright Sector, St. Lucia, 2000-2010



7.6.5 St. Vincent and the Grenadines

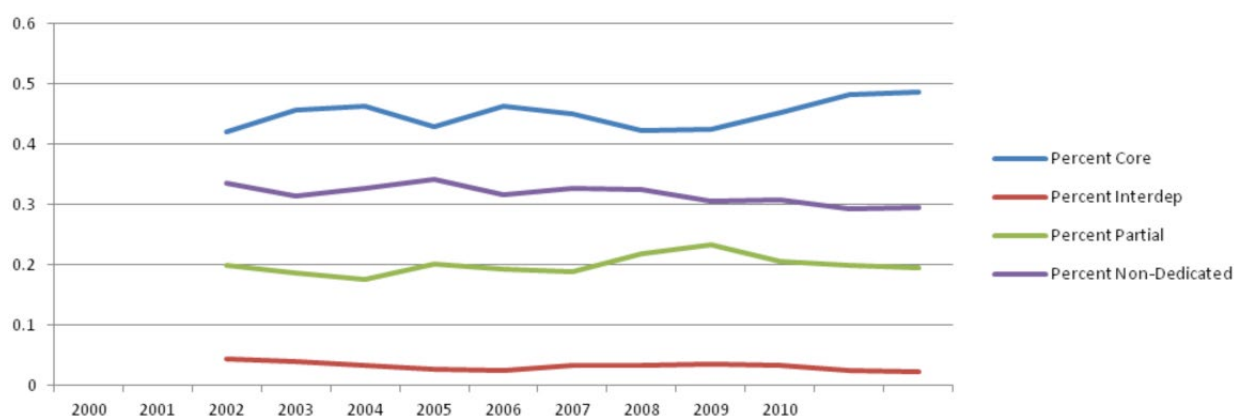
Figure 7.10 documents the trends in the shares of the subsectors of copyright activity in St. Vincent and the Grenadines. **Table 7.10** reports the numerical estimates. The general trend has been for the share of the

output of the core copyright sector to increase over time, from 42% in 2000 to 48.7% in 2010. Corresponding to the rising share of core copyright is the stable contribution of partial copyright activity, which declined marginally from 20% of total copyright activity in 2000 to 19.5% in 2010; and the sharper decline of the share of non-dedicated copyright output, which declined from 33.5% in 2000 to 29.6% in 2010.

Table 7.10: Structure of Copyright Sector, St. Vincent and the Grenadines, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added copyright	56.5	61.8	67.2	67.1	79.4	82.9	91.1	104.6	110.0	105.5	103.5
Value added core	23.8	28.3	31.1	28.8	36.7	37.4	38.5	44.5	49.8	50.9	50.4
Per cent core	42.0%	45.8%	46.3%	43.0%	46.3%	45.0%	42.2%	42.5%	45.2%	48.2%	48.7%
Value added interdependent	2.5	2.5	2.3	1.8	2.1	2.7	3.1	3.7	3.8	2.6	2.4
Per cent interdependent	4.5%	4.1%	3.4%	2.7%	2.6%	3.3%	3.4%	3.5%	3.5%	2.5%	2.3%
Value added partial	11.3	11.6	11.8	13.6	15.4	15.7	19.9	24.4	22.6	21.0	20.1
Per cent partial	20.0%	18.7%	17.6%	20.2%	19.4%	18.9%	21.8%	23.4%	20.6%	19.9%	19.5%
Value added non-dedicated	18.9	19.4	22.0	22.9	25.2	27.2	29.7	32.0	33.8	30.9	30.6
Per cent non-dedicated	33.5%	31.4%	32.7%	34.1%	31.8%	32.8%	32.6%	30.6%	30.7%	29.3%	29.6%

Figure 7.10: Graphs of the Trends in the Structure of the Copyright Sector, St. Vincent and the Grenadines, 2000-2010



7.7 Structure of the Core Copyright Sector

The structure of the core copyright sector differs substantially among the countries of the OECS. The patterns of growth seem to reflect the growing possibilities for trade through the internet. Some of the restructuring observed could well reflect the growing ease of selling digital output online to a global market, including digital publication. The particular focus of the countries seems to express the relative importance of training in the acquisition of skills in the field, as compared to the importance of culture as a source of capacity and skill adjusted over the period. Culture-based skill appears to be significantly more important than training-based skill development in the evolution of the core copyright sector in Dominica. A significant contributor to the differentiation is the practice and potential of copyright protection and collection of royalties, measured as indicated in Section 6 above.

7.7.1 Dominica

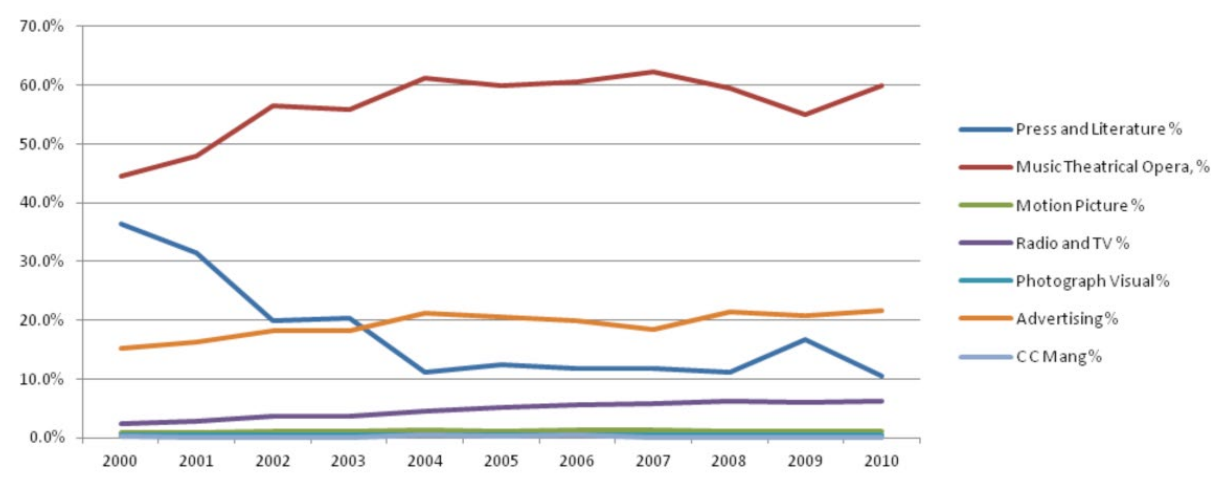
In Dominica, 'music, theatrical production, opera' has been the largest share of the copyright sector since 2000 and this share has grown from 44.6% in 2000 to 59.8% in 2010, though not along a linear path (**Table 7.11**). Radio and TV and advertising also increased their sector shares. The share of radio and TV grew from 2.4% in 2000 to 6.3% in 2010, while the share of advertising grew from 15.2% in 2000 to 21.7%

in 2010. The displacement effects were felt in traditional press and literature, the share of which fell from 36.4% of the core in 2000 to only 10.5% in 2010. **Figure 7.11** illustrates the changing structure of the core.

Table 7.11: Trends in the Structure of the Core Copyright Sector, Dominica, 2000-2010

Core Copyright Sectors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added core copyright	19.3	18.0	15.6	16.1	15.3	15.3	15.4	16.1	17.0	18.4	17.5
Press and literature	7.025	5.674	3.106	3.299	1.69	1.9	1.804	1.9	1.9	3.071	1.835
Press and literature %	36.4%	31.6%	19.9%	20.4%	11.0%	12.4%	11.7%	11.8%	11.2%	16.7%	10.5%
Music theatrical production, opera	8.6	8.6	8.8	9.0	9.4	9.1	9.3	10.0	10.1	10.1	10.5
Music, theatrical, opera, %	44.6%	48.0%	56.6%	56.0%	61.3%	59.8%	60.5%	62.2%	59.5%	55.0%	59.8%
Motion picture, video & sound	0.17	0.17	0.17	0.18	0.18	0.18	0.19	0.20	0.20	0.20	0.20
Motion picture %	0.9%	0.9%	1.1%	1.1%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.2%
Radio & television	0.47	0.51	0.56	0.60	0.68	0.80	0.87	0.94	1.06	1.11	1.10
Radio and TV %	2.4%	2.8%	3.6%	3.7%	4.4%	5.2%	5.7%	5.8%	6.2%	6.0%	6.3%
Photography, visual and graphic arts	0.075	0.075	0.077	0.077	0.082	0.080	0.083	0.087	0.087	0.088	0.090
Photography,visual %	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Advertising services	2.93	2.91	2.84	2.95	3.23	3.15	3.07	2.97	3.64	3.81	3.81
Advertising %	15.2%	16.2%	18.2%	18.3%	21.1%	20.6%	19.9%	18.4%	21.4%	20.7%	21.7%
Copyright collective management societies	0.04	0.01	0.00	0.01	0.06	0.04	0.08	0.01	0.01	0.01	0.01
CMS %	0.2%	0.0%	0.0%	0.0%	0.4%	0.3%	0.5%	0.1%	0.0%	0.0%	0.0%

Figure 7.11: Graphs of the Trends in the Structure of the Core Copyright Sector, Dominica, 2000-2010



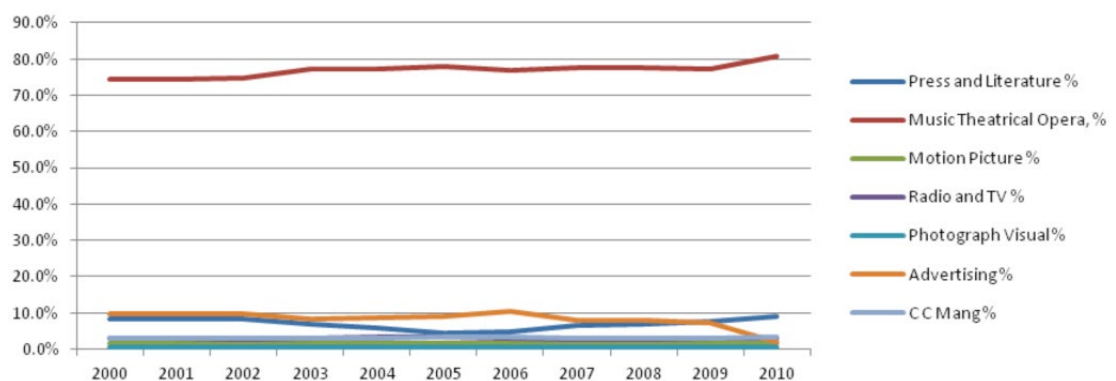
7.7.2 Grenada

In Grenada, 'music, theatrical production, opera' has also accounted for the largest share of the copyright sector output since 2000 and this share has grown from 74.4% in 2000 to 80.7% in 2010 (**Table 7.12**). No other sector exhibited a significant share increase over the period and advertising fell off substantially, from 9.9% of the core in 2000 to 2% in 2010. **Figure 7.12** illustrates the patterns of adjustment.

Table 7.12: Trends in the Structure of the Core Copyright Sector, Grenada, 2000-2010

Core Copyright Sectors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added core copyright	33.2	33.5	35.6	38.3	38.6	44.1	43.2	48.5	51.8	48.4	44.1
Press and literature	2.8	2.8	3.0	2.6	2.3	1.9	2.1	3.2	3.6	3.7	4.0
Press and literature %	8.4%	8.4%	8.3%	6.9%	5.9%	4.3%	4.8%	6.6%	6.9%	7.7%	9.1%
Music theatrical production, opera	24.7	24.9	26.6	29.6	29.8	34.4	33.2	37.7	40.1	37.3	35.6
Music, theatrical, opera, %	74.4%	74.4%	74.6%	77.1%	77.3%	78.1%	76.8%	77.7%	77.4%	77.2%	80.7%
Motion picture, video & sound	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.6	0.6
Motion picture %	1.6%	1.6%	1.7%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Radio & television	0.9	1.0	0.9	1.1	1.3	1.5	1.2	1.3	1.4	1.4	1.3
Radio and TV %	2.9%	2.8%	2.7%	2.9%	3.3%	3.3%	2.9%	2.8%	2.6%	2.9%	3.0%
Photography, visual and graphic arts	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2
Photography, visual %	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%
Advertising services	3.3	3.3	3.5	3.2	3.3	4.0	4.5	3.9	4.2	3.5	0.9
Advertising %	9.9%	9.8%	9.7%	8.2%	8.5%	9.2%	10.4%	8.0%	8.1%	7.2%	2.0%
Copyright collective management societies	1.0	1.0	1.1	1.2	1.2	1.4	1.4	1.5	1.6	1.5	1.5
CMS %	2.9%	2.9%	3.0%	3.0%	3.2%	3.2%	3.2%	3.1%	3.1%	3.2%	3.3%

Figure 7.12: Graphs of the Trends in the Structure of the Core Copyright Sector, Grenada, 2000-2010



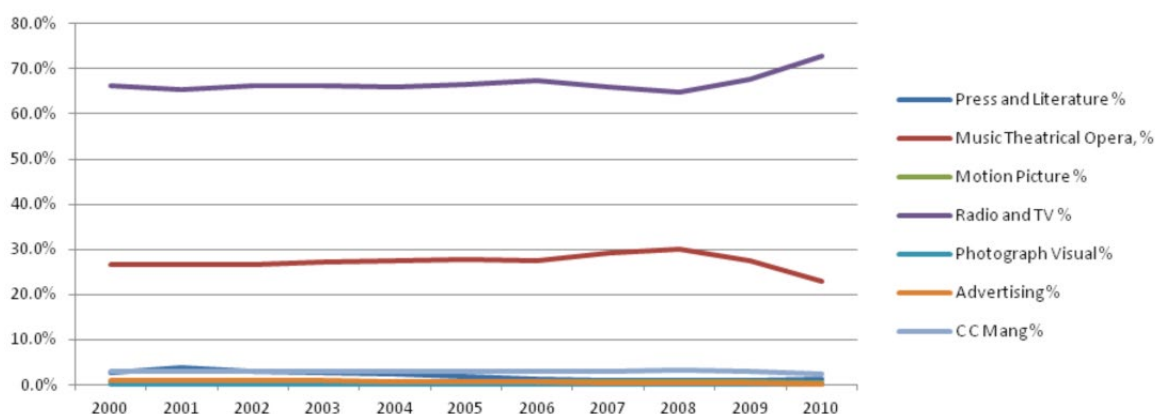
7.7.3 St. Kitts and Nevis

In St. Kitts and Nevis, 'radio and TV' has been the largest share of the core copyright sector since 2000 and this share has grown from 66.4% in 2000 to 72.8% in 2010 (**Table 7.13**). Corresponding to this has been a reduction in the share of 'music, theatrical productions, opera' from 26.6% in 2000 to 22.9% in 2010. **Figure 7.13** illustrates the changing structure of the core.

Table 7.13: Trends in the Structure of the Core Copyright Sector, St. Kitts and Nevis, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added core copyright	20.0	21.4	21.8	24.8	28.9	33.5	45.1	51.2	57.8	61.4	63.6
Press and literature	0.6	0.8	0.6	0.6	0.7	0.6	0.5	0.5	0.6	0.5	0.8
Press and literature %	2.8%	3.9%	2.9%	2.6%	2.4%	1.7%	1.2%	1.0%	1.0%	0.9%	1.2%
Music, theatrical production, opera	5.3	5.7	5.8	6.7	7.9	9.3	12.5	14.9	17.3	16.9	14.6
Music, theatrical, opera, %	26.6%	26.5%	26.7%	27.1%	27.4%	27.6%	27.6%	29.1%	30.0%	27.5%	22.9%
Motion picture, video & sound	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.3
Motion picture %	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.5%	0.4%
Radio & television	13.3	14.0	14.4	16.4	19.1	22.3	30.4	33.7	37.5	41.7	46.3
Radio and TV %	66.4%	65.5%	66.2%	66.2%	66.0%	66.6%	67.3%	65.9%	64.9%	67.8%	72.8%
Photography, visual and graphic arts	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.03
Photography, visual %	0.05%	0.07%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.03%	0.03%	0.04%
Advertising services	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Advertising %	0.9%	0.8%	0.9%	0.8%	0.7%	0.7%	0.5%	0.4%	0.4%	0.3%	0.1%
Copyright Collective Management Societies	0.6	0.6	0.6	0.7	0.8	1.0	1.3	1.6	1.8	1.8	1.5
CMS %	2.8%	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%	3.0%	3.1%	2.9%	2.4%

Figure 7.13: Graphs of the Trends in the Structure of the Core Copyright Sector, St. Kitts and Nevis, 2000-2010



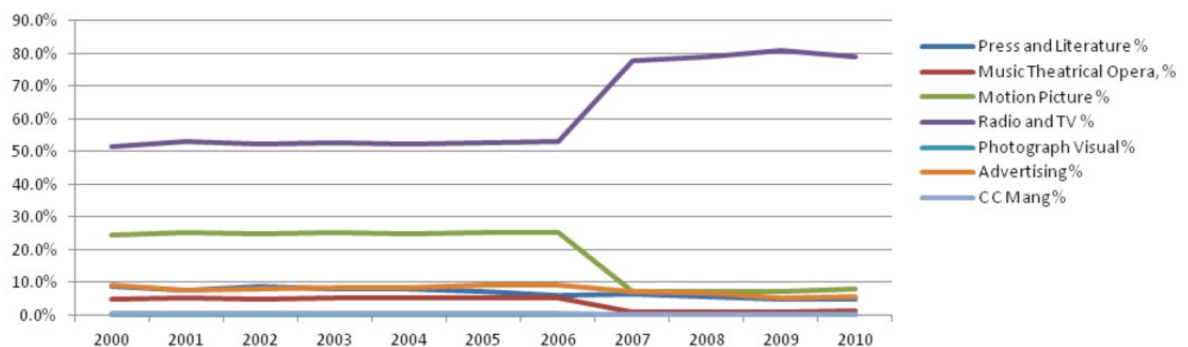
7.7.4 St. Lucia

In St. Lucia, 'radio and TV' has been the largest share of the copyright sector since 2000 and this share has grown from 51.4% in 2000 to 79.1% in 2010 (**Table 7.14**). Correspondingly, the share of press and literature declined from 9% in 2000 to 5.0% in 2010, while the share of motion picture, video and sound declined from 24.5% in 2000 to 8.2% in 2010. **Figure 7.14** illustrates the changing structure of the core.

Table 7.14: Trends in the Structure of the Core Copyright Sector, St. Lucia, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added core copyright	48	52	50	55	58	65	74	102	113	127	138
Press and literature	4	4	4	4	5	5	4	6	6	6	7
Press and literature %	9.0%	7.8%	8.7%	7.8%	8.1%	7.1%	6.0%	6.3%	5.7%	5.0%	5.0%
Music, theatrical production, opera	2	3	3	3	3	3	4	1	1	1	2
Music, theatrical, opera, %	5.0%	5.2%	5.1%	5.1%	5.1%	5.1%	5.2%	1.1%	1.1%	1.1%	1.6%
Motion picture, video & sound	12	13	13	14	15	16	19	7	8	9	11
Motion picture %	24.5%	25.4%	25.0%	25.1%	25.1%	25.2%	25.4%	7.2%	7.3%	7.4%	8.2%
Radio & television	24	28	26	29	30	34	39	80	89	103	109
Radio and TV %	51.4%	53.3%	52.4%	52.6%	52.5%	52.8%	53.3%	78.0%	79.0%	80.8%	79.1%
Photography, visual and graphic arts	0.11	0.11	0.11	0.12	0.13	0.16	0.18	0.20	0.18	0.16	0.16
Photography, visual %	0.23%	0.21%	0.23%	0.22%	0.22%	0.24%	0.24%	0.19%	0.16%	0.13%	0.12%
Advertising services	4	4	4	5	5	6	7	7	8	7	8
Advertising %	9.3%	7.6%	8.1%	8.6%	8.5%	9.1%	9.3%	7.1%	6.7%	5.4%	5.8%
Copyright Collective Management Societies	0.25	0.28	0.27	0.29	0.31	0.35	0.40	0.11	0.13	0.15	0.23
CMS %	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.1%	0.1%	0.1%	0.2%

Figure 7.14: Graphs of the Trends in the Structure of the Core Copyright Sector, St. Lucia, 2000-2010



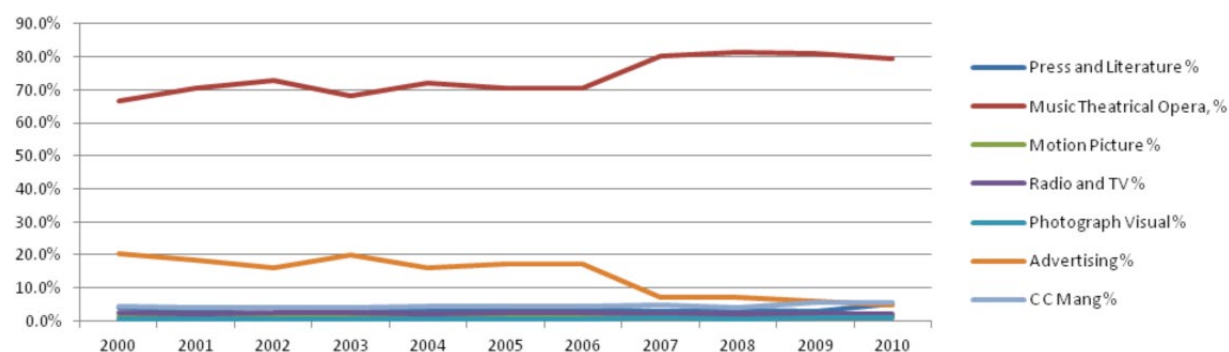
7.7.5 St. Vincent and the Grenadines

In St. Vincent and the Grenadines, 'music theatrical production, opera' has been the largest share of the copyright sector since 2000 and this share has grown from 66.6% in 2000 to 79.5% in 2010 (Table 7.15). The displacement effects were felt in advertising, the share of which fell from 20.4% of the core in 2000 to only 5.0% in 2010. Figure 7.15 illustrates the changing structure of the core.

Table 7.15: Trends in the Structure of the Core Copyright Sector, St. Vincent and the Grenadines, 2000-2010

Core copyright sectors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Value added core copyright	23.8	28.3	31.1	28.8	36.7	37.4	38.5	44.5	49.8	50.9	50.4
Press and literature	0.9	0.8	0.7	0.9	1.0	1.3	1.3	1.3	1.6	1.4	2.5
Press and literature%	4.0%	2.7%	2.2%	3.0%	2.7%	3.6%	3.5%	3.0%	3.2%	2.7%	5.1%
Music, theatrical production, opera	15.8	19.9	22.7	19.7	26.5	26.3	27.1	35.7	40.4	41.2	40.0
Music, theatrical, opera, %	66.6%	70.4%	73.1%	68.1%	72.2%	70.5%	70.5%	80.1%	81.3%	80.9%	79.5%
Motion picture, video & sound	0.3	0.4	0.5	0.4	0.6	0.6	0.6	0.7	0.8	0.9	0.9
Motion picture %	1.4%	1.5%	1.5%	1.4%	1.5%	1.5%	1.5%	1.7%	1.6%	1.8%	1.8%
Radio & television	0.6	0.6	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.0
Radio and TV %	2.5%	2.3%	2.4%	2.6%	2.2%	2.3%	2.4%	2.2%	2.1%	2.0%	2.0%
Photography, visual and graphic arts	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Photography, visual %	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.7%	0.9%	0.9%
Advertising services	4.8	5.2	5.0	5.8	6.0	6.4	6.6	3.3	3.5	3.1	2.5
Advertising %	20.4%	18.3%	16.0%	20.0%	16.2%	17.1%	17.1%	7.3%	7.1%	6.2%	5.0%
Copyright collective management societies	1.0	1.2	1.3	1.2	1.6	1.6	1.7	2.2	2.1	2.8	2.9
CMS %	4.3%	4.2%	4.2%	4.2%	4.4%	4.3%	4.3%	4.9%	4.2%	5.5%	5.7%

Figure 7.15: Graphs of the Trends in the Structure of the Core Copyright Sector, St. Vincent and the Grenadines, 2000-2010



7.8 Structure of the Interdependent, Partial and Non-Dedicated Copyright Sector of the OECS

7.8.1 Dominica

Table 7.16 documents the trends in the interdependent copyright sector since 2000. The main trend has been the dramatic shift in the contribution of paper manufacturing, which has now been completely replaced by computer and related services as the main interdependent sector. Paper manufacturing disappeared from the Dominican economy in 2003. In the partial copyright sector, the dominant activity over the decade has been interior designs, linked to the development of the housing industry and tourism (**Table 7.17**). No other segment has achieved rising prominence over the period. In the non-dedicated support sector, the distribution of activity was more balanced. Distributive trades consistently accounted for a high share of support activities, exceeding 46% in all years and rising to 53.4% in 2010. The share of transport services also grew overall, displacing cable TV, the share of which fell from 25.45 to 16.3% over 2000/10 (**Table 7.18**).

Table 7.16: Trends in the Interdependent Copyright Sector, Dominica, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	3.18	2.88	2.73	0.37	0.40	0.42	0.44	0.49	0.52	0.54	0.54
Computer and related Services	0.42	0.42	0.38	0.37	0.40	0.42	0.44	0.49	0.52	0.54	0.54
Computer %	13.3%	14.7%	14.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Manufacture of containers of paper	2.8	2.5	2.3	0	0	0	0	0	0	0	0
Manu %	86.7%	85.3%	85.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 7.17: Trends in the Partial Copyright Sector, Dominica, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial copyright Sectors	2.7	2.7	1.9	2.2	2.4	2.6	2.8	3.5	4.6	4.1	4.6
Wearing apparel & textiles	0.051	0.042	0.040	0.041	0.040	0.027	0.033	0.032	0.032	0.041	0.047
Wearing apparel %	1.9%	1.5%	2.1%	1.8%	1.7%	1.0%	1.2%	0.9%	0.7%	1.0%	1.0%
Furniture and related products and designs	0.07	0.08	0.15	0.09	0.07	0.08	0.10	0.12	0.15	0.10	0.11
Furniture and related Products and designs %	2.5%	2.9%	7.8%	4.2%	3.0%	2.9%	3.5%	3.4%	3.2%	2.5%	2.4%
Interior designs	2.6	2.6	1.7	2.1	2.3	2.5	2.7	3.4	4.4	4.0	4.5
Interior designs %	95.6%	95.6%	90.1%	93.9%	95.4%	96.0%	95.3%	95.7%	96.1%	96.5%	96.6%

Table 7.18: Trends in the Non-Dedicated Copyright Sector, Dominica, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated Support	13.49	13.35	12.28	11.98	14.53	14.88	15.54	16.69	19.04	22.63	20.02
Distributive trade Services	6.9	6.8	6.6	6.9	7.4	7.3	7.2	8.2	10.4	11.1	10.7
Distributive trade Services %	51.1%	50.8%	53.9%	57.4%	51.2%	49.3%	46.1%	48.9%	54.5%	48.8%	53.4%
Taxi services	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.9	0.8
Taxi services %	3.5%	4.0%	4.3%	4.5%	3.9%	4.0%	3.8%	3.5%	3.8%	4.2%	4.2%
Minibus services	1.13	1.36	1.39	1.40	1.75	1.77	1.98	1.91	1.98	3.47	2.67
Minibus services %	8.4%	10.2%	11.3%	11.7%	12.0%	11.9%	12.8%	11.5%	10.4%	15.3%	13.3%
Freight transport by road	0.6	0.6	0.6	0.7	0.8	0.9	0.9	1.0	0.8	1.3	1.1
Freight transport by road %	4.4%	4.8%	4.8%	5.7%	5.6%	6.1%	6.1%	5.7%	4.4%	5.7%	5.4%
Auxiliary transport activities and storage	1.0	0.9	1.1	1.0	1.2	1.1	1.1	1.3	1.5	1.5	1.5
Auxiliary transport activities and storage %	7.1%	6.6%	8.8%	8.5%	8.2%	7.1%	7.0%	7.7%	7.9%	6.5%	7.3%
Cable TV	3.4	3.2	2.1	1.5	2.8	3.2	3.8	3.8	3.6	4.4	3.3
Cable TV %	25.4%	23.6%	16.8%	12.1%	19.2%	21.6%	24.3%	22.7%	19.0%	19.5%	16.3%

7.8.2 Grenada

Table 7.19 documents the trends in the interdependent copyright sector since 2000. The main trend has been the substantial decline in the contribution of paper manufacturing, which is the main interdependent sector. The share fell from 93.1% in 2000 to 86.5% in 2010. The share of 'computer and related services' increased from 6.9% in 2000 to 13.5% in 2010, though in 2005 the share rose to as high as 16.4%. In the partial copyright sector, the dominant activity over the decade was also interior designs, linked to the development of the housing industry and tourism (**Table 7.20**). No other segment has achieved rising prominence over the period, and in fact a striking feature is the absence of a significant capital-producing feature in both the interdependent and partial copyright sectors of Grenada. For example, the evidence does not suggest the existence of a significant engineering and architectural development component. In the non-dedicated support sector, distributive trades increased its share from 35.8% to 40.2%. The share of taxi services grew overall, somewhat displacing cable TV, the share of which fell from 25.45 to 20.3% over 2000-2010 (**Table 7.21**).

Table 7.19: Trends in the Interdependent Copyright Sector, Grenada, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	6.4	5.3	6.6	5.7	4.8	4.0	4.9	5.2	5.6	7.2	6.2
Computer and related Services	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8
Computer %	6.9%	9.5%	8.1%	10.1%	12.8%	16.4%	14.5%	14.3%	14.2%	11.4%	13.5%
Manufacture of containers of paper	6.0	4.8	6.1	5.2	4.2	3.4	4.2	4.4	4.8	6.3	5.4
Paper %	93.1%	90.5%	91.9%	89.9%	87.2%	83.6%	85.5%	85.7%	85.8%	88.6%	86.5%

Table 7.20: Trends in the Partial Copyright Sector, Grenada, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial copyright sectors	18.9	15.6	15.9	19.7	21.7	44.5	31.9	31.8	31.1	21.3	20.0
Wearing apparel & textiles	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.01
Wearing apparel %	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Furniture and related products and designs	0.05	0.00	0.00	0.00	0.2	0.1	0.2	0.2	0.2	0.2	0.3
Furniture and related products and designs %	0.2%	0.0%	0.0%	0.0%	0.8%	0.3%	0.5%	0.7%	0.7%	0.8%	1.5%
Architectural and interior designs	18.8	15.6	15.9	19.7	21.5	44.3	31.7	31.6	30.9	21.2	19.7
Architectural and interior designs %	99.7%	99.9%	99.9%	99.9%	99.1%	99.7%	99.4%	99.3%	99.3%	99.1%	98.5%

Table 7.21: Trends in the Non-Dedicated Copyright Sector, Grenada, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated support	22.6	21.9	21.7	22.3	23.5	28.1	26.8	28.2	28.9	26.8	25.5
Distributive trade services	8.1	8.1	8.5	7.7	8.0	10.1	10.6	11.0	12.0	9.9	10.2
Distributive trade services %	35.8%	36.7%	39.2%	34.7%	34.2%	36.1%	39.3%	39.2%	41.4%	37.0%	40.2%
Taxi services	5.9	6.0	6.1	7.4	8.6	9.8	7.8	8.1	8.3	8.7	7.8
Taxi services (including minibus) %	26.0%	27.3%	27.9%	32.9%	36.8%	34.9%	29.1%	28.8%	28.6%	32.5%	30.8%
Freight transport by road											
Freight transport by road %											
Auxiliary transport activities and storage	2.9	2.4	2.3	2.6	2.5	2.8	2.9	3.0	2.6	2.6	2.2
Auxiliary transport activities and storage %	13.0%	10.9%	10.7%	11.6%	10.7%	10.0%	10.9%	10.7%	9.0%	9.6%	8.7%
Cable TV	5.7	5.5	4.8	4.7	4.3	5.3	5.6	6.0	6.1	5.6	5.2
Cable TV %	25.3%	25.0%	22.1%	20.9%	18.3%	19.0%	20.7%	21.4%	21.0%	20.9%	20.3%

7.8.3 St. Kitts and Nevis

Perhaps the most striking feature of the interdependent copyright sectors of St. Kitts and Nevis is the relative stability of the shares of 'computer and related services' and 'TVs, radios, VCR, CD/DVD players, electronic gaming and equipment' (**Table 7.22**). With some irregularity, the largest set of activities in the subsector, 'computer and related services' has accounted for about 90% of the subsector since 2000. In the partial copyright sector, the dominant activity over the decade was 'architecture, engineering and surveying', which has risen as a sector because of the attractiveness of St. Kitts and Nevis as a high-end tourism destination and one for high-income retirees (**Table 7.23**). The sector accounted for about 89.0% of the partial copyright sector in 2000 and this share declined to 70.1% in 2009. The displacement was accounted for by 'museums', which is a sector that includes the birthplace and home of Alexander Hamilton, the first Treasury Secretary of the USA: increasing visits to this site explain much of the rise in the share of museum activity from 11% in 2000 to 29% in 2009. In the non-dedicated support activities, general transportation was the largest and most rapidly growing share, from 73.5% in 2000 to 84.1% in 2010. The share of cable TV declined over the period from 10.6% to 6.4% (**Table 7.24**).

Table 7.22: Trends in the Interdependent Copyright Sector, St. Kitts and Nevis, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	4.3	5.0	6.6	6.0	6.1	6.5	6.7	7.7	8.2	9.0	8.3
TVs, radios, VCR, CD/DVD players, electronic gaming and equipment	1.1	1.3	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.6	2.1
TV %	24.2%	26.5%	17.5%	19.7%	21.8%	19.7%	19.8%	17.3%	17.2%	18.2%	25.0%
Computer and related Services	3.3	3.7	5.4	4.8	4.8	5.3	5.4	6.4	6.8	7.4	6.2
Computer %	75.8%	73.5%	82.5%	80.3%	78.2%	80.3%	80.2%	82.7%	82.8%	81.8%	75.0%

Table 7.23: Trends in the Partial Copyright Sector, St. Kitts and Nevis, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial copyright Sectors	7.8	9.4	9	8.1	9.4	9.9	11.9	13.2	13.3	12.1	13.8
Wearing apparel	1.1	1	0.7	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.7
Wearing apparel %	14.35%	10.51%	7.37%	7.40%	6.59%	5.79%	4.50%	3.89%	4.16%	4.98%	5.37%
Textiles	0.6	0.7	0.7	1.7	2.9	3	3.1	3.3	3.4	3.1	6
Textiles %	8.21%	7.89%	7.94%	21.04%	30.82%	30.42%	26.10%	25.35%	25.18%	25.37%	43.62%
Museums	0.4	0.5	0.5	0.6	0.6	0.7	1	0.9	1	1	0.7
Museums %	5.70%	5.10%	5.40%	6.80%	6.80%	7.60%	8.40%	6.60%	7.40%	8.60%	4.80%
Architecture, engineering, surveying, furniture and interior designs	5.6	7.2	7.1	5.3	5.2	5.5	7.3	8.5	8.4	7.4	6.4
Architecture, Engineering, Surveying %	71.70%	76.50%	79.30%	64.80%	55.80%	56.20%	61.00%	64.20%	63.30%	61.00%	46.20%

Table 7.24: Trends in the Non-Dedicated Copyright Sector, St. Kitts and Nevis, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated Support	6.4	6.6	7.3	7.4	7.1	7.2	9.4	11.3	11.9	10.9	12.1
Distributive trade services	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.8	0.7	0.6
Distributive trade services %	6.7%	6.4%	6.4%	6.4%	7.2%	7.7%	6.4%	5.8%	6.4%	6.1%	5.2%
General transportation	2.0	2.2	2.2	2.3	2.6	2.8	4.0	4.8	6.1	4.8	5.6
General transportation %	31.3%	33.6%	30.7%	30.6%	36.3%	39.5%	42.4%	42.3%	50.9%	44.5%	46.2%
Cable TV	4.0	3.9	4.6	4.7	4.0	3.8	4.8	5.8	5.1	5.4	5.9
Cable TV %	62.0%	60.1%	62.9%	62.9%	56.5%	52.8%	51.2%	51.8%	42.7%	49.4%	48.6%

7.8.4 St. Lucia

Table 7.25 documents the trends in the interdependent copyright sector since 2000. The main trend has been the substantial growth in the contribution of paper manufacturing, which is the main interdependent sector. The share increased from 30.8% in 2000 to 90.3% in 2010. The share of 'computer and related services' has been falling correspondingly. 'architecture, engineering, surveying' and interior designs dominate the partial copyright sector, each accounting for about half of the activities in the sector (**Table 7.26**). In the non-dedicated support sector, the share of distributive trades has been falling, from 64.2% to 47.6%. The displacing sectors have been mainly taxi services and cable TV. The share of taxi services grew from 17.4% to 24.3% and that of cable TV grew from 8.9% to 15.9% over 2000-2010 (**Table 7.27**).

Table 7.25: Trends in the Interdependent Copyright Sector, St. Lucia, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent sectors	8.0	6.2	7.8	7.4	7.8	7.4	8.1	8.1	7.9	10.1	8.1
Computer and related services	0.7	0.8	0.8	0.8	0.9	0.9	1.0	1.1	1.1	1.1	0.8
Computer %	9.2%	12.1%	10.0%	10.6%	12.2%	12.4%	11.9%	14.1%	13.4%	11.0%	9.7%
Manufacture of containers of paper	7.2	5.4	7.0	6.6	6.8	6.5	7.1	7.0	6.8	9.0	7.3
Paper %	90.8%	87.9%	90.0%	89.4%	87.8%	87.6%	88.1%	85.9%	86.6%	89.0%	90.3%

Table 7.26: Trends in the Partial Copyright Sector, St. Lucia, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial Copyright Sectors	42.0	34.0	32.7	36.9	46.7	56.8	81.6	59.7	68.8	53.7	67.3
Wearing apparel	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Wearing apparel %	0.43%	0.33%	0.29%	0.23%	0.18%	0.14%	0.10%	0.13%	0.11%	0.14%	0.10%
Textiles	0.1	0.1	0.1	0.2	0.4	0.4	0.7	0.8	0.7	0.6	0.9
Textiles %	0.25%	0.24%	0.32%	0.65%	0.84%	0.72%	0.86%	1.31%	1.05%	1.11%	1.34%
Architecture, engineering, surveying	20.9	17.0	16.4	18.4	23.1	28.1	40.4	29.3	34.0	26.5	31.5
Architecture, engineering, surveying %	49.8%	50.0%	50.1%	49.8%	49.4%	49.5%	49.5%	49.2%	49.4%	49.3%	46.9%
Furniture and related products and designs	0.1	0.0	-0.1	0.0	0.4	0.3	0.4	0.4	0.4	0.3	0.5
Furniture and related products and designs %	0.2%	-0.1%	-0.2%	0.0%	0.8%	0.6%	0.5%	0.7%	0.6%	0.6%	0.8%
Interior designs	20.7	16.9	16.2	18.2	22.8	27.8	40.0	29.0	33.7	26.2	34.3
Interior designs %	49.3%	49.5%	49.5%	49.3%	48.9%	49.0%	49.0%	48.7%	48.9%	48.8%	50.9%

Table 7.27: Trends in the Non-Dedicated Copyright Sector, St. Lucia, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-Dedicated Support	15.7	15.4	16.5	18.9	21.2	25.1	30.0	32.9	35.1	33.8	38.9
Distributive trade services	10.1	9.1	9.2	10.8	11.2	13.5	15.8	16.8	17.3	15.6	18.5
Distributive trade services %	64.2%	59.0%	55.8%	57.2%	53.0%	53.7%	52.6%	51.0%	49.3%	46.3%	47.6%
Taxi services	2.8	3.1	3.4	3.8	4.2	5.2	6.8	7.4	8.7	8.9	9.5
Taxi services %	17.9%	19.9%	20.7%	20.0%	19.8%	20.6%	22.5%	22.4%	24.9%	26.2%	24.3%
Minibus services	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.004	0.004	0.004	0.005
Minibus services %	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Freight transport by road	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.8	1.0	1.0	1.1
Freight transport by road %	2.5%	2.7%	2.8%	2.5%	2.3%	2.3%	2.1%	2.6%	2.9%	3.0%	2.8%
Auxiliary transport activities and storage	1.0	1.3	1.6	1.8	2.8	3.0	3.3	3.9	3.6	3.7	3.7
Auxiliary transport activities and storage %	6.4%	8.2%	9.7%	9.6%	13.1%	11.9%	11.0%	11.9%	10.3%	11.1%	9.4%
Cable TV	1.4	1.6	1.8	2.0	2.5	2.9	3.5	4.0	4.4	4.5	6.2
Cable TV %	8.9%	10.2%	11.0%	10.6%	11.7%	11.5%	11.8%	12.2%	12.6%	13.4%	15.9%

7.8.5 St. Vincent and the Grenadines

The interdependent copyright sector of St. Vincent and the Grenadines comprises only two sets of activities, 'computer and related services' and 'manufacture of containers of paper' (Table 7.28). The shares of these activities have been unstable over the ten years between 2000 and 2010. However, 'computer and related services' has become the larger of the two sectors and it now accounts for about 60% of the set, while paper manufacturing accounts for about 40%. In the partial copyright sector, the dominant activity over the decade was also the combination of architecture, engineering and interior designs, which has accounted for about 98% of the subsector over the period (Table 7.29). In the non-dedicated support sector, distributive trades accounted for the largest share of 53.5% since 2000. The share of cable TV has also been relatively stable at about 15.5% over 2000-2010 (Table 7.30). Indeed, even as the share of transportation drifted upwards, a feature of the entire set of support activities is the absence of any one sector that has emerged to dominate trends.

Table 7.28: Trends in the Interdependent Copyright Sector, St. Vincent and the Grenadines, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	2.5	2.5	2.3	1.8	2.1	2.7	3.1	3.7	3.8	2.6	2.4
Computer and related Services	1.0	1.0	0.8	0.7	1.0	1.6	2.4	2.4	2.5	1.8	1.4
Computer %	39%	39%	36%	38%	47%	60%	77%	65%	66%	69%	60%
Manufacture of containers of paper	1.5	1.5	1.5	1.1	1.1	1.1	0.7	1.3	1.3	0.8	0.9
Manufacture %	60.5%	60.9%	64.4%	61.6%	53.1%	40.4%	22.8%	34.7%	33.6%	31.0%	39.8%

Table 7.29: Trends in the Partial Copyright Sector, St. Vincent and the Grenadines, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial Copyright Sectors	11.3	11.6	11.8	13.6	15.4	15.7	19.9	24.4	22.6	21.0	20.1
Wearing apparel & textiles	0.02	0.02	0.03	0.06	0.08	0.08	0.02	0.02	0.01	0.01	0.02
Wearing apparel & textiles %	0.2%	0.2%	0.2%	0.5%	0.5%	0.5%	0.1%	0.1%	0.0%	0.1%	0.1%
Furniture and related products and designs	0.2	0.4	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.3	0.3
Furniture and related products and designs %	1.6%	3.6%	1.7%	1.7%	1.6%	1.7%	1.4%	1.6%	1.7%	1.6%	1.4%
Architecture, engineering, surveying, interior designs	11.1	11.1	11.6	13.3	15.0	15.4	19.6	24.0	22.2	20.7	19.8
Architecture ... interior designs %	98.2%	96.2%	98.0%	97.9%	97.8%	97.8%	98.5%	98.3%	98.3%	98.3%	98.5%

Table 7.30: In the Non-Dedicated Copyright Sector, St. Vincent and the Grenadines, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated Support	18.9	19.4	22.0	22.9	25.2	27.2	29.7	32.0	33.8	30.9	30.6
Distributive trade services	10.3	10.7	11.1	12.1	13.2	14.3	15.7	17.1	18.6	16.5	16.4
Distributive trade services %	54.2%	55.3%	50.7%	52.8%	52.2%	52.5%	52.9%	53.5%	54.9%	53.4%	53.5%
Taxi services	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Taxi services %	0.7%	0.7%	0.8%	0.6%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.8%
Minibus services	1.4	1.5	2.0	1.9	2.2	2.3	2.4	2.6	2.7	2.8	2.9
Minibus services %	7.6%	7.9%	9.1%	8.3%	8.8%	8.6%	8.1%	8.0%	8.0%	9.1%	9.4%
Freight transport by road	3.0	3.2	3.6	3.5	3.8	4.3	4.2	4.5	4.8	5.0	5.1
Freight transport by road %	15.7%	16.4%	16.5%	15.5%	15.3%	15.9%	14.3%	14.2%	14.3%	16.1%	16.7%
Auxiliary transport activities and storage	1.2	1.1	1.1	1.4	1.2	1.5	2.0	1.8	1.7	1.4	1.4
Auxiliary transport activities and storage %	6.2%	5.8%	5.1%	6.1%	4.9%	5.4%	6.7%	5.6%	5.0%	4.4%	4.5%
Cable TV	2.9	2.7	3.9	3.8	4.6	4.6	5.1	5.8	5.8	5.0	4.7
Cable TV %	15.5%	14.0%	17.8%	16.7%	18.1%	17.0%	17.4%	18.1%	17.2%	16.3%	15.2%

7.9 An OECS Perspective on Copyright Output

In **Table 7.31**, we use a simple arithmetic mean to provide an assessment of trends at the level of the 5 countries for which data was available for this study. The estimates indicate that the share of copyright

in these OECS Member States' GDP tended to drift upward slowly, from 5.2% in 2000 to 5.6% in 2010. Copyright contributes most to economic activity in St. Lucia and St. Kitts and Nevis and the least to economic activity in Dominica. What is interesting is that the share of copyright exceeds that of agriculture and manufacturing in OECS economies (Table 7.32).

Table 7.31: Contribution of Copyright-based Industries to GDP, in the participating OECS countries

Share of Copyright in GDP						
Year	Dominica	Grenada	St. Kitts and Nevis	SLU	St. Vincent and the Grenadines	OECS Average
2000	4.4%	5.8%	4.3%	6.0%	5.3%	5.2%
2001	4.1%	5.4%	4.5%	6.0%	5.3%	5.1%
2002	3.7%	5.5%	4.6%	5.8%	5.4%	5.0%
2003	3.3%	5.4%	4.7%	6.0%	5.2%	4.9%
2004	3.3%	5.5%	4.7%	6.2%	5.6%	5.1%
2005	3.4%	6.4%	4.7%	6.7%	5.6%	5.4%
2006	3.3%	5.6%	5.5%	7.6%	5.5%	5.5%
2007	3.3%	5.5%	6.0%	7.4%	5.7%	5.6%
2008	3.3%	5.2%	5.8%	7.7%	5.9%	5.6%
2009	3.5%	5.0%	6.2%	7.8%	5.8%	5.7%
2010	3.3%	4.6%	6.5%	8.0%	5.6%	5.6%

Figure 7.16: Graph of Contribution of Copyright-based Industries to GDP, in participating OECS countries

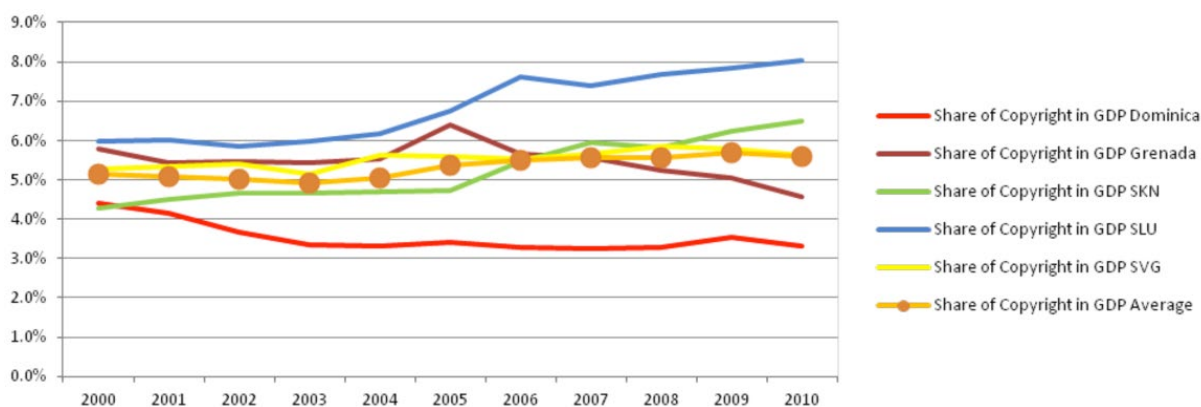


Table 7.32: Structure of OECS Economy by Industrial Sector (1-digit, ISIC3.1), 2000-2009

Year	Share of GDP									
	Agriculture, hunting, forestry, fishing (ISIC A-B)	Mining, Manufacturing, Utilities (ISIC C-E)	Manufacturing (ISIC D)	Construction (ISIC F)	Wholesale, retail trade, restaurants and hotels (ISIC G-H)	Transport, storage and communication (ISIC I)	Other activities (ISIC J-P)	Total value added	Copyright value added	
2000	5.50%	8.40%	4.50%	9.40%	20.90%	15.00%	36.30%	100.00%	5.2%	
2001	5.00%	8.50%	4.50%	9.90%	20.30%	15.00%	36.80%	100.00%	5.1%	
2002	5.30%	8.60%	4.50%	9.90%	19.60%	14.70%	37.50%	100.00%	5.0%	
2003	5.00%	8.70%	4.50%	9.20%	20.30%	14.90%	37.40%	100.00%	4.9%	
2004	4.70%	8.40%	4.30%	9.00%	20.60%	15.40%	37.70%	100.00%	5.1%	
2005	3.90%	8.20%	4.20%	10.30%	20.80%	15.50%	37.20%	100.00%	5.4%	
2006	3.90%	8.30%	4.00%	10.40%	20.70%	15.30%	37.50%	100.00%	5.5%	
2007	3.80%	8.30%	3.90%	10.80%	20.10%	15.40%	37.80%	100.00%	5.6%	
2008	4.00%	8.10%	3.70%	10.60%	19.80%	15.30%	38.60%	100.00%	5.6%	
2009	4.20%	8.10%	3.70%	8.80%	19.10%	15.30%	40.70%	100.00%	5.7%	

Source: UN Stats and Copyright Estimates

8. EMPLOYMENT IN THE OECS COPYRIGHT SECTOR

The estimates of the contribution of copyright-based activity to employment in the OECS are based mainly on administrative wage data obtained from the social security institutions of each country, rather than on random samples of the labor force. Thus, they are plagued by problems of non-random self-selection related to compliance with social security laws. One could expect that non-compliance would be significant among employees in many subsectors of copyright activity where the rate of self-employment is high. Prominent among these are activities classified in the personal services sector, where household firms predominate. As in the case of the contribution to GDP, the share of collective management reported is best interpreted as a measure of potential employment. Participating country specifics are reported, followed by an overall estimate for the participating OECS Member States based on a simple arithmetic mean.

8.1 Contribution of Copyright to Employment in Dominica

Table 8.1 presents estimates of the contribution of copyright to employment in Dominica, and **Figure 8.1** graphs the trends. The estimates show that copyright-based activity contributed approximately 1,072 jobs in 2010 or about 4.8% of the total employment of 22,396. The level and share of copyright in employment reflects a substantial decline from 2000, when the sector contributed about 1,409 or 7.0% of all jobs.

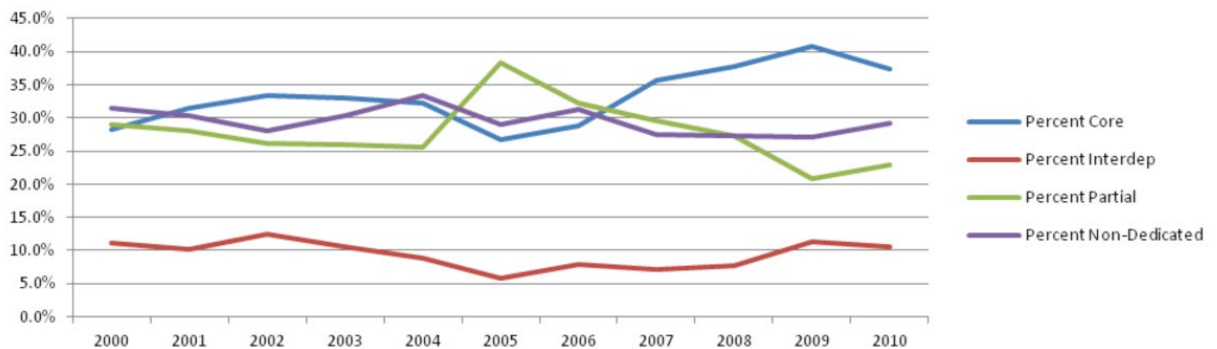
8.1.1 The main contributors

In the copyright sector, the main contributor of jobs has switched from the core copyright sector to non-dedicated support activities. Core copyright contributed 41% of copyright jobs in 2010, but this represents a substantial and fairly steady decline from a share of 49% of copyright employment in 2000. The displacing subsector is mainly non-dedicated support, which increased its employment from 393 jobs or 39.5% in 2000 to 428 jobs or 52.1% in 2010. The underlying implication is that the core industries are becoming more efficient as a result of the development pattern of the copyright sector itself or of the rest of the economy. Partial copyright also contributed to the displacement, as it increased its share significantly from 3.5% in 2000 to 5.8% in 2010, but the level of employment in the subsector stagnated, as the subsector contributed 47 jobs in 2010, up from 35 in 2000. Interdependent copyright also reduced its small contribution, from 81 jobs or a share of 8.2% in 2000 to only 10 jobs or 1.2% in 2010.

Table 8.1: Structure of Employment in the Dominica Copyright Sector

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Employment	20100	19390	18412	17638	18383	19149	19407	21072	21534	21966	22396
All copyright	995	899	813	738	761	735	720	745	808	863	823
All copyright %	5.0%	4.6%	4.4%	4.2%	4.1%	3.8%	3.7%	3.5%	3.8%	3.9%	3.7%
Core copyright	486	442	399	384	348	329	316	347	348	376	337
Core %	48.9%	49.2%	49.1%	52.0%	45.7%	44.8%	43.9%	46.7%	43.1%	43.6%	41.0%
Interdependent copyright	81	72	70	6	6	7	7	8	10	10	10
Interdependent %	8.2%	8.0%	8.6%	0.8%	0.8%	0.9%	1.0%	1.1%	1.2%	1.2%	1.2%
Partial copyright	35	33	25	27	31	35	37	44	55	48	47
Partial %	3.5%	3.7%	3.0%	3.7%	4.0%	4.7%	5.1%	5.9%	6.8%	5.6%	5.8%
Non-dedicated support industries	393	352	320	321	376	365	360	345	395	429	428
Non-dedicated %	39.5%	39.1%	39.3%	43.5%	49.5%	49.6%	50.0%	46.4%	49.0%	49.7%	52.1%

Figure 8.1: Graphs of the Trends in the Structure of the Copyright Employment in Dominica, 2000-2010



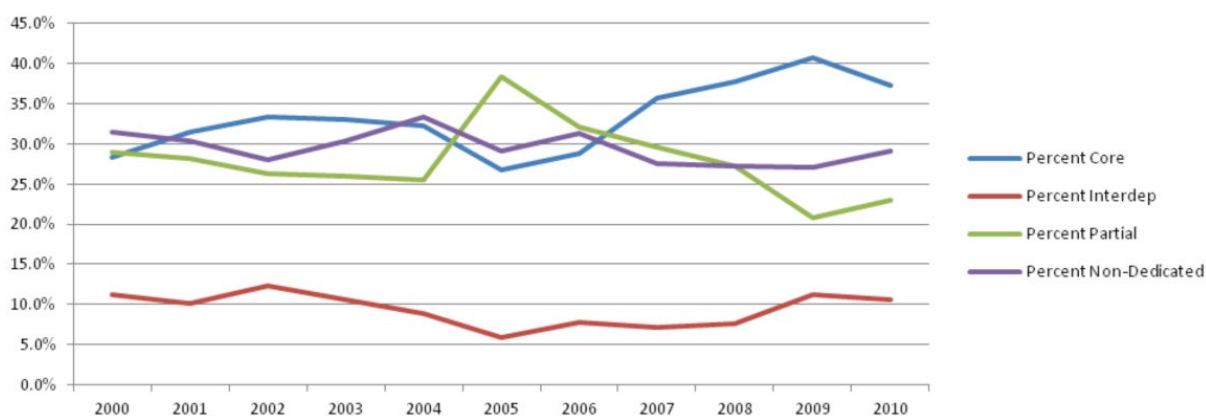
8.2 Contribution of Copyright to Employment in Grenada

Table 8.2 presents estimates of the contribution of copyright and the copyright subsectors to employment in Grenada, and **Figure 8.2** graphs the trends. The estimates show that copyright-based activity contributed approximately 1,606 jobs in 2010 or about 3.6% of the total employment of 45,218 persons. The level and share of copyright in employment reflects a substantial decline from 2000, when the sector contributed about 1,998 or 4.9% of all jobs. In the copyright sector, the main contributor of jobs has switched from the core copyright sector to non-dedicated support activities. Core copyright contributed 600 jobs or 37.3% of copyright-based jobs in 2010, and this represented a substantial and fairly steady increase from a share of 28.3% of copyright employment in 2000, when core copyright contributed 566 jobs to the economy. The displacements occurred in all other subsectors of copyright. The number and share of partial copyright employment decreased significantly from 580 or 29% of copyright jobs in 2000 to 369 or 22.9% in 2010. Interdependent copyright also decreased its contribution, from 224 jobs or a share of 11.2% in 2000 to 170 jobs or 10.6% in 2010. In non-dedicated support, employment decreased substantially from 629 jobs or 31.5% in 2000 to 468 jobs or 29.1% in 2010.

Table 8.2: Structure of Employment in the Grenada Copyright Sector

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Employment	40847	39404	37416	35843	37357	38914	40862	46197	48553	43075	45218
All copyright	1998	1809	1879	1757	1719	2214	1937	2083	2093	1811	1606
All copyright %	4.9%	4.6%	5.0%	4.9%	4.6%	5.7%	4.7%	4.5%	4.3%	4.2%	3.6%
Core copyright	566	568	626	579	555	592	557	744	792	739	600
Core %	28.3%	31.4%	33.3%	33.0%	32.3%	26.7%	28.8%	35.7%	37.8%	40.8%	37.3%
Interdependent copyright	224	183	232	186	152	129	152	149	160	203	170
Interdependent %	11.2%	10.1%	12.4%	10.6%	8.8%	5.8%	7.8%	7.1%	7.6%	11.2%	10.6%
Partial copyright	580	509	493	458	440	848	623	616	572	378	369
Partial %	29.0%	28.1%	26.2%	26.0%	25.6%	38.3%	32.1%	29.6%	27.3%	20.8%	22.9%
Non-dedicated support industries	629	549	527	534	573	644	605	574	570	491	468
Non-dedicated %	31.5%	30.4%	28.1%	30.4%	33.3%	29.1%	31.3%	27.6%	27.2%	27.1%	29.1%

Figure 8.2: Graphs of the Trends in the Structure of the Copyright Employment in Grenada, 2000-2010



8.3 Contribution of Copyright to Employment in St. Kitts and Nevis

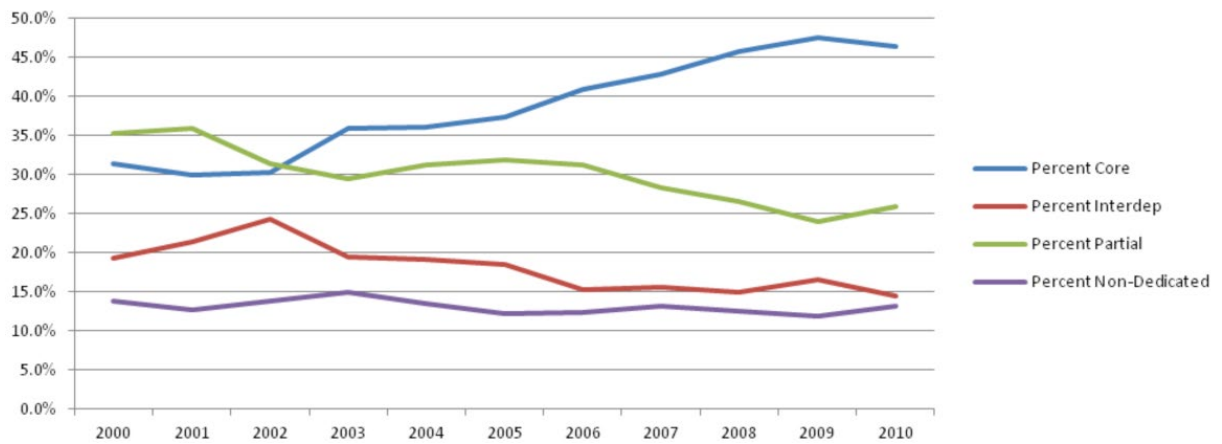
Table 8.3 presents estimates of the contribution of copyright to employment in St. Kitts and Nevis, and **Figure 8.3** graphs the trends. The estimates show that copyright-based activity contributed approximately 955 jobs in 2010 or about 3.1% of total employment of 30,626. The level and share of copyright in employment reflects a substantial increase from 2000, when the sector contributed about 489 or 2.2% of all jobs.

In the copyright sector, the main contributor of jobs was the core copyright sector. Core copyright contributed 444 or 46.5% of copyright jobs in 2010, which represented a substantial and fairly steady increase from 154 or 31.6% of copyright employment in 2000. Much of these rising trends appears to be the result of the sharp upturn in the core copyright sector, in terms of both output and employment, perhaps linked to a substantial increase in both short-term and long-term tourism. The tourism trends seem to be tied to the expansion of the education export sector. The second largest contributor to jobs in the copyright-based sectors was partial copyright activity, having lost its initial position as the leading contributor in 2000. Partial copyright decreased its share significantly from 173 jobs or 35.3% in 2000 to 248 or 26% in 2010. Interdependent copyright also increased its contribution from 94 jobs or a share of 19.2% in 2000 to 137 jobs or 14.4% of copyright employment in 2010. The non-dedicated support sector also increased its employment from 68 jobs or 13.8% of copyright employment in 2000 to 126 jobs or 13.2% in 2010. So, while the number of jobs increased in partial, interdependent and non-dedicated activity, the shares fell as core employment expanded much faster.

Table 8.3: Structure of Employment in the St. Kitts and Nevis Copyright Sector, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Employment	22273	22004	26557	27168	27727	30341	29535	29525	30970	30798	30626
All copyright	489	526	616	587	641	701	796	860	924	857	955
All copyright %	2.2%	2.4%	2.3%	2.2%	2.3%	2.3%	2.7%	2.9%	3.0%	2.8%	3.1%
Core copyright	154	159	188	212	232	263	326	369	424	408	444
Core %	31.6%	30.2%	30.5%	36.1%	36.2%	37.4%	41.0%	42.9%	45.9%	47.6%	46.5%
Interdependent copyright	94	112	149	114	122	130	122	134	138	141	137
Interdependent %	19.2%	21.2%	24.2%	19.4%	19.0%	18.5%	15.3%	15.5%	14.9%	16.5%	14.4%
Partial copyright	173	189	194	174	200	224	249	245	247	206	248
Partial %	35.3%	35.9%	31.4%	29.6%	31.2%	31.9%	31.3%	28.5%	26.7%	24.0%	26.0%
Non-dedicated support industries	68	66	85	88	86	85	98	113	116	102	126
Non-dedicated %	13.8%	12.6%	13.9%	14.9%	13.5%	12.1%	12.4%	13.1%	12.5%	11.9%	13.2%

Figure 8.3: Graphs of the Trends in the Structure of the Copyright Employment in St. Kitts and Nevis, 2000-2010



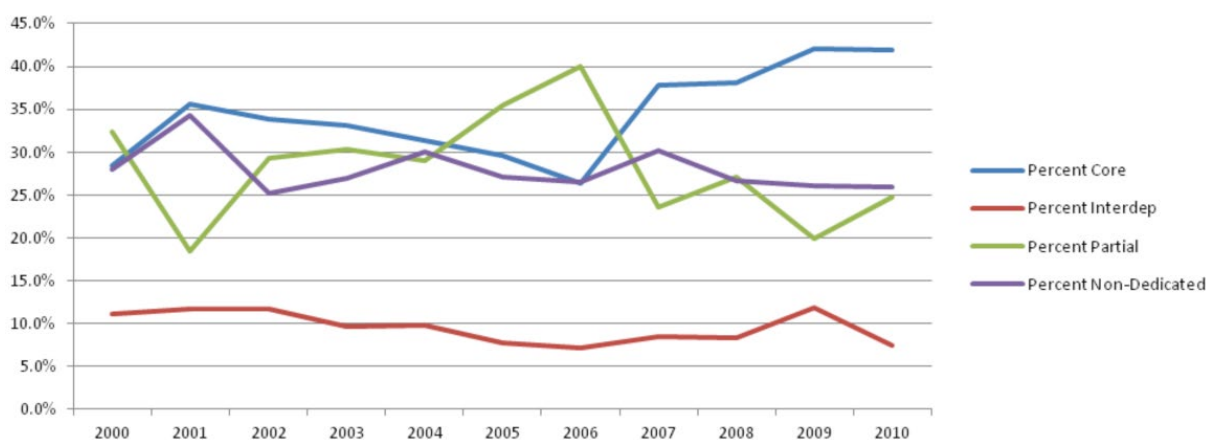
8.4 Contribution of Copyright to Employment in St. Lucia

Table 8.4 presents estimates of the contribution of copyright to employment in St. Lucia, and **Figure 8.4** graphs the trends. The estimates show that copyright-based activity contributed approximately 3,073 jobs in 2010 or about 4.4% of total employment of 70,300. The level and share of copyright in employment reflects a substantial increase from 2000, when the sector contributed about 1845 or 2.9% of all (62,570) jobs. In the copyright sector, the main contributor of jobs switched from the partial copyright sector to the core over the decade. Core copyright contributed 524 jobs or 28.4% of all copyright jobs in 2000. This contribution increased substantially to 1,290 or 42% of copyright employment in 2010. Partial copyright increased its contribution from 579 jobs to 723 jobs over the decade to 2010, but its share in employment fell from 32.3% in 2000 to 24.7% in 2010 as the core copyright sector expanded its contribution to job creation. The number of jobs created in the interdependent copyright sector also increased, from 206 jobs or 11.2% in 2000 to 227 jobs or 7.4% in 2010. The share of jobs in the non-dedicated support sector also adjusted downwards, with its employment moving from 517 jobs or 28% in 2000 to 796 jobs or 25.9% in 2010.

Table 8.4: Structure of Employment in the SLU Copyright Sector, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Employment	62,570	62,793	61,440	60,650	55,880	63,540	68,740	71,030	73,290	70,300	70,300
All copyright	1845	1287	1738	1880	1878	2392	2820	2317	2600	2416	3073
All copyright %	2.9%	2.0%	2.8%	3.1%	3.4%	3.8%	4.1%	3.3%	3.5%	3.4%	4.4%
Core copyright	524	457	588	621	588	709	741	876	991	1017	1290
Core %	28.4%	35.5%	33.9%	33.1%	31.3%	29.6%	26.3%	37.8%	38.1%	42.1%	42.0%
Interdependent copyright	206	150	202	181	183	185	202	196	215	287	227
Interdependent %	11.2%	11.7%	11.6%	9.7%	9.7%	7.8%	7.2%	8.5%	8.3%	11.9%	7.4%
Partial copyright	597	237	509	569	544	848	1127	547	703	483	759
Partial %	32.4%	18.5%	29.3%	30.3%	29.0%	35.5%	40.0%	23.6%	27.0%	20.0%	24.7%
Non-dedicated support industries	517	442	438	507	563	649	749	698	691	630	796
Non-dedicated %	28.0%	34.3%	25.2%	27.0%	30.0%	27.1%	26.6%	30.1%	26.6%	26.1%	25.9%

Figure 8.4: Graphs of the Trends in the Structure of the Copyright Employment in SLU, 2000-2010



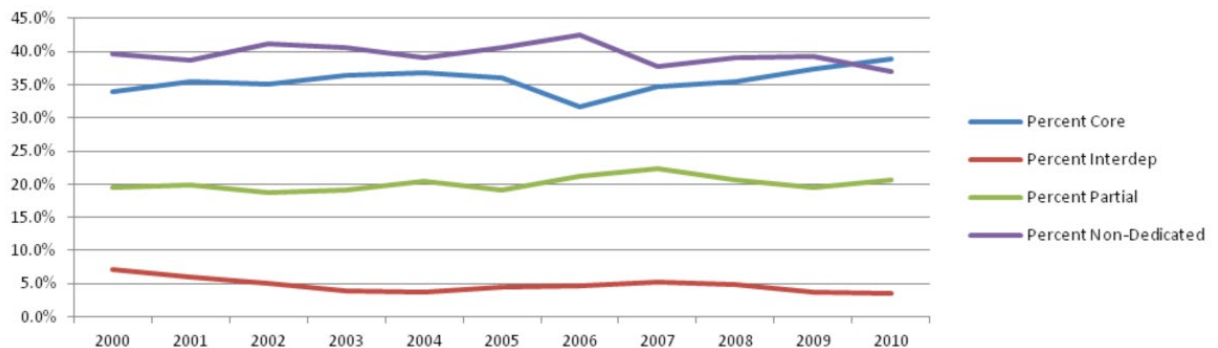
8.5 Contribution of Copyright to Employment in St. Vincent and the Grenadines

Table 8.5 presents estimates of the contribution of copyright to employment in St. Vincent and the Grenadines, and **Figure 8.5** graphs the trends. The estimates show that copyright-based activity contributed approximately 1,845 jobs in 2010 or about 4.9% of total employment of 38,014. The share of copyright in employment reflects a substantial decline from 2000, when the sector contributed about 1,686 jobs or 5.6% of all jobs. The level of employment grew in the sector, but the share fell. This is partly the result of some structural changes in copyright sector employment. In the copyright sector, the main contributor of jobs has switched from the non-dedicated copyright sector to the core activities. Core copyright contributed 571 jobs or 33.9% of copyright jobs in 2000. The contribution grew to 717 jobs or 38.9% of copyright employment in 2010. The displaced subsector is mainly non-dedicated support, which experienced a rapid decrease in its employment share from 39.7% in 2000 to 36.9% in 2010, even though its overall contribution to the level of employment grew from 669 to 682 jobs over the decade. Partial copyright increased its contribution only marginally over the decade from 327 jobs in 2000 to 382 jobs in 2010, but the share only moved from 19.4% to 20.7% over the decade. Interdependent copyright decreased its small contribution marginally, from 40 jobs or a share of 7% in 2000 to 64 jobs or 3.5% in 2010.

Table 8.5: Structure of Employment in the Copyright Sector of St. Vincent and the Grenadines, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Employment	29983	32929	33391	34555	35720	36168	37018	38941	38283	37551	38014
All copyright	1686	1806	1827	1870	2071	2107	2092	2230	2148	1877	1845
All copyright %	5.6%	5.5%	5.5%	5.4%	5.8%	5.8%	5.7%	5.7%	5.6%	5.0%	4.9%
Core copyright	571	640	641	681	763	758	661	775	764	703	717
Core %	33.9%	35.4%	35.1%	36.4%	36.8%	36.0%	31.6%	34.8%	35.6%	37.4%	38.9%
Interdependent copyright	118	108	91	72	77	93	99	116	103	69	64
Interdependent %	7.0%	6.0%	5.0%	3.8%	3.7%	4.4%	4.7%	5.2%	4.8%	3.7%	3.5%
Partial copyright	327	360	342	359	422	401	445	498	442	366	382
Partial %	19.4%	19.9%	18.7%	19.2%	20.4%	19.0%	21.3%	22.3%	20.6%	19.5%	20.7%
Non-dedicated support industries	669	699	753	759	809	855	888	841	839	739	682
Non-dedicated %	39.7%	38.7%	41.2%	40.6%	39.1%	40.6%	42.4%	37.7%	39.1%	39.4%	36.9%

Figure 8.5: Graph of the Trends in the Structure of Copyright Employment in St. Vincent and the Grenadines, 2000-2010



8.6 Distribution of Employment in the Copyright Industries

In all the countries of the OECS, the structure of employment within the copyright subsectors has changed significantly since 2000 and the resulting structure of employment in the core copyright sector differs substantially among the countries of the OECS. In this section, we look within each of these industry groups in each country to see their long-term evolution of employment. Culture-based skill appears to be significantly more important than training-based skill development in the evolution of employment in the core copyright sector. This trend in capacity-building will have to change if the industry is to provide a firm anchor for long-term development.

8.6.1 Dominica

In Dominica, employment in 'music, theatrical production, opera' has grown from 47.7% of the core in 2000 to 49% in 2010 (**Table 8.6**). The share of advertising also grew from 7.7% in 2000 to 28.8% in 2010. The displacement effects were felt in press and literature. The share of employment in press and literature also fell from 38.8% of the core in 2000 to only 16.2% in 2010. **Figure 8.6** illustrates the changing structure of the core.

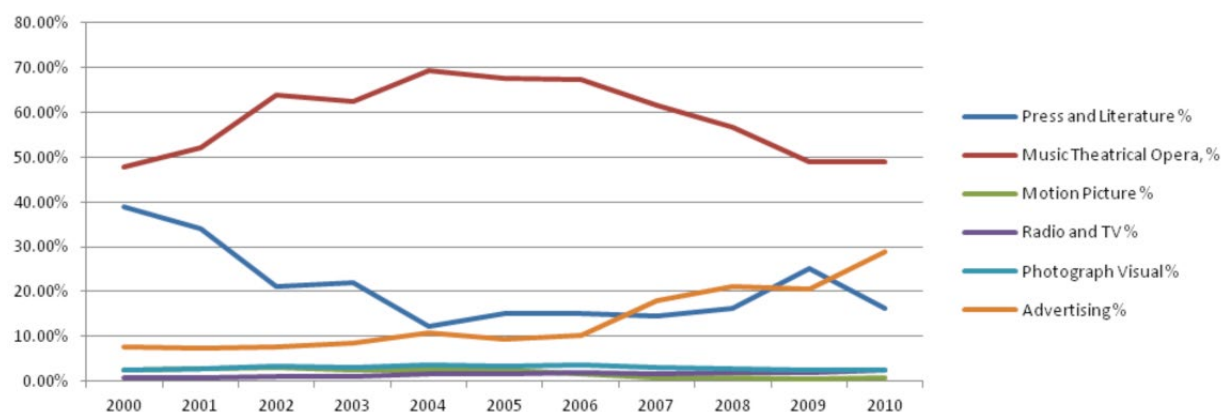
Table 8.6: Trends in the Structure of Employment in the Core Copyright Sector, Dominica, 2000-2010

Core Copyright Sectors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employment core copyright	486	442	399	384	348	329	316	347	348	376	337
Press and literature	189	151	84	84	43	50	48	50	57	95	54
Press and literature %	38.81%	34.07%	21.03%	21.92%	12.27%	15.17%	15.08%	14.50%	16.35%	25.20%	16.15%
Music, theatrical production, opera	232	230	255	240	241	223	213	214	198	184	165
Music, theatrical opera, %	47.71%	52.08%	63.83%	62.54%	69.27%	67.71%	67.47%	61.61%	56.83%	48.97%	49.04%
Motion picture, video & sound	12	13	12	9	8	8	5	3	2	2	2
Motion picture %	2.44%	2.87%	3.09%	2.44%	2.42%	2.36%	1.54%	0.83%	0.62%	0.55%	0.69%
Radio & television	4	4	4	4	5	5	6	6	6	7	9
Radio and TV %	0.81%	0.84%	1.00%	1.16%	1.50%	1.59%	1.92%	1.72%	1.86%	1.83%	2.52%
Photography, visual and graphic arts	12	12	13	12	12	11	11	11	10	9	8

Table 8.6: Trends in the Structure of Employment in the Core Copyright Sector, Dominica, 2000-2010 (continued)

Photography, visual %	2.45%	2.67%	3.26%	3.15%	3.56%	3.46%	3.53%	3.13%	2.87%	2.49%	2.48%
Advertising services	37	32	30	33	37	31	32	62	74	78	97
Advertising %	7.57%	7.23%	7.54%	8.54%	10.69%	9.41%	10.14%	17.92%	21.17%	20.69%	28.83%
Copyright collective management societies	1	1	1	1	1	1	1	1	1	1	1
CMS %	0.21%	0.23%	0.25%	0.26%	0.29%	0.30%	0.32%	0.29%	0.29%	0.27%	0.30%

Figure 8.6: Graph of the Trends in the Structure of Core Copyright Employment in Dominica, 2000-2010



8.6.2 Grenada

In Grenada, employment in 'music, theatrical production, opera' has grown from 319 or 56.4% of the core in 2000 to 395 or 53.9% in 2010 (**Table 8.7**). So, the share has fallen over the decade, perhaps because of rising efficiency in the core industries as they benefit from technical spillovers from the world economy. The main displacement was generated by advertising, whose share in core employment grew from 105 persons or 18.5% in 2000 to 177 or 24.2% in 2010. Its displacement effects were also felt in press and literature. The share of employment in press and literature also fell from 17.1% of the core in 2000 to 15.6% in 2010. **Figure 8.7** illustrates the changing structure of core employment in Grenada.

Table 8.7: Trends in the Structure of Employment in the Core Copyright Sector, Grenada, 2000-2010

Core Copyright Sectors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employment core copyright	566	568	626	579	555	592	557	744	792	739	734
Press and literature	97	97	104	87	75	64	67	96	107	110	115
Press and literature %	17.11%	16.99%	16.57%	15.10%	13.47%	10.87%	12.10%	12.93%	13.46%	14.92%	15.63%
Music, theatrical production, opera	319	319	369	376	367	402	351	413	447	450	395
Music, theatrical, opera %	56.41%	56.08%	58.86%	64.98%	66.08%	67.96%	62.95%	55.44%	56.44%	60.91%	53.90%
Motion picture, video & sound	5	5	6	6	6	7	6	7	8	8	7
Motion picture %	0.92%	0.92%	0.98%	1.07%	1.11%	1.18%	1.09%	0.93%	0.95%	1.04%	0.92%
Radio & television	12	11	10	13	15	15	12	12	12	12	11
Radio and TV %	2.13%	1.86%	1.62%	2.17%	2.66%	2.47%	2.10%	1.65%	1.50%	1.56%	1.44%
Photography, visual and graphic arts	20	22	23	19	17	19	18	20	20	18	18
Photography, visual %	3.59%	3.87%	3.67%	3.24%	3.01%	3.14%	3.30%	2.67%	2.56%	2.49%	2.48%
Advertising services	105	112	113	77	68	80	91	171	175	140	177
Advertising %	18.50%	19.71%	17.98%	13.24%	12.28%	13.51%	16.27%	22.93%	22.11%	18.97%	24.19%
Copyright collective management societies	8	3	2	1	8	5	12	26	24	1	11
CMS %	1.35%	0.57%	0.33%	0.21%	1.39%	0.88%	2.19%	3.46%	2.97%	0.12%	1.43%

8.6.3 St. Kitts and Nevis

In St. Kitts and Nevis, employment in core copyright is dominated by employment in 'radio and television' and 'music, theatrical production, opera'. The share of employment in radio and television grew from 82 jobs or 53.9% of the core in 2000 to 302 jobs or 68.2% in 2010 (**Table 8.8**). The share of music, theatrical production and opera fell from about 34.4% in 2000 to 27% in 2010. Press and literature, a traditionally strong contributor, has lost ground, most likely under the effects of changing modern technologies. **Figure 8.8** illustrates the changing structure of employment in the Core in St. Kitts and Nevis.

Figure 8.7: Graph of the Trends in the Structure of Core Copyright Employment in Grenada, 2000-2010

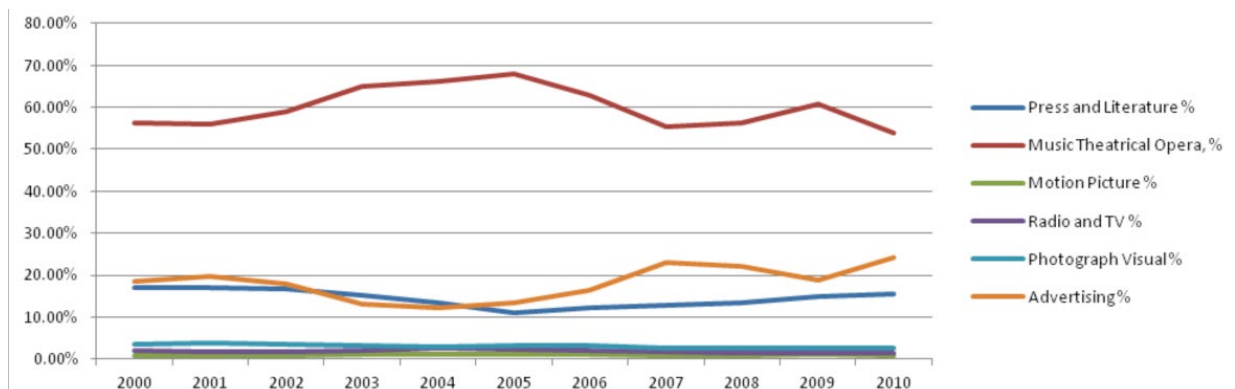
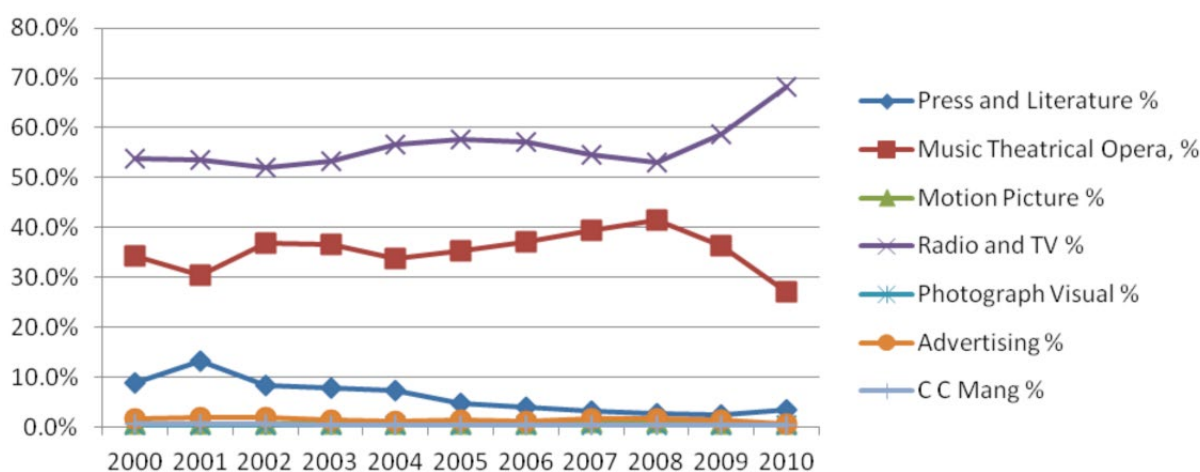


Table 8.8: Trends in the Structure of Employment in the Core Copyright Sector, St. Kitts and Nevis, 2000-2010

Core Copyright Sectors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employment core copyright	152	157	186	210	230	261	324	367	422	406	442
Press and literature	14	21	15	17	17	13	13	11	11	10	15
Press and literature %	8.9%	13.1%	8.2%	7.9%	7.2%	4.8%	3.9%	3.1%	2.7%	2.5%	3.4%
Music theatrical production, opera	52	48	68	77	78	92	120	145	176	148	120
Music, theatrical, opera %	34.4%	30.5%	36.8%	36.5%	33.9%	35.3%	37.0%	39.5%	41.6%	36.4%	27.0%
Motion picture, video & sound	1	1	1	1	1	2	2	3	3	3	2
Motion picture %	0.6%	0.6%	0.7%	0.7%	0.6%	0.7%	0.7%	0.8%	0.8%	0.7%	0.5%
Radio & television	82	84	97	112	130	150	185	200	224	239	302
Radio and TV %	53.9%	53.6%	51.9%	53.2%	56.7%	57.6%	57.1%	54.6%	52.9%	58.8%	68.2%
Photography, visual and graphic arts	1	1	1	1	1	1	1	1	1	1	1
Photography, visual %	0.39%	0.47%	0.44%	0.42%	0.36%	0.39%	0.32%	0.31%	0.28%	0.24%	0.28%
Advertising services	3	3	3	3	3	3	3	6	7	6	3
Advertising %	1.7%	1.8%	1.9%	1.3%	1.2%	1.3%	1.0%	1.7%	1.7%	1.4%	0.6%
Copyright collective management societies	1	1	1	1	1	1	1	1	1	1	1
CMS %	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	0.2%

Figure 8.8: Graph of the Trends in the Structure of Core Copyright Employment in St. Kitts and Nevis, 2000-2010



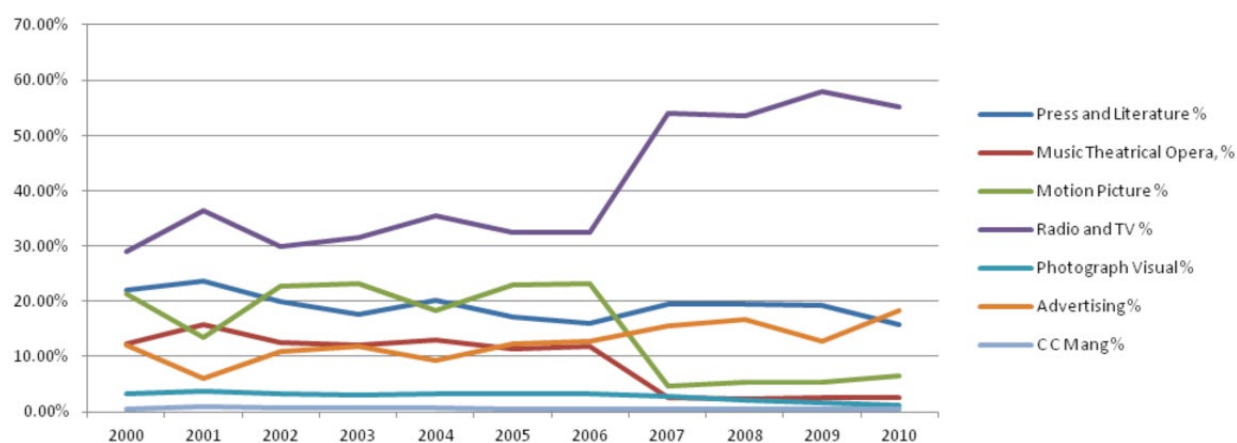
8.6.4 St. Lucia

In St. Lucia, employment in 'radio and television' has emerged to be the main form of core copyright employment. In 2000, radio and television accounted for 28.9% of core copyright employment. This share grew to 55.2% in 2011. The share of advertising also grew from 12.1% in 2000 to 18.2% in 2010. In sharp contrast to the rest of the OECS, the share of 'music, theatrical production, opera' declined from 12.2% of the core in 2000 to 2.6% in 2010 (Table 8.9). The displacement effects were also felt in press and literature: the share of employment in this sector fell from 21.9% of the core in 2000 to only 15.8% in 2010. Figure 8.9 illustrates the changing structure of core employment over the decade.

Table 8.9: Trends in the Structure of Employment in the Core Copyright Sector, St. Lucia, 2000-2010

Core Copyright Sectors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employment Core Copyright	524	457	588	621	588	709	741	876	991	1017	1290
Press and literature	115	108	117	110	118	122	118	172	193	197	204
Press and literature %	21.9%	23.64%	19.9%	17.70%	20.16%	17.15%	15.95%	19.59%	19.47%	19.34%	15.82%
Music theatrical production, opera	64	72	74	75	76	81	88	23	24	25	34
Music, theatrical opera, %	12.2%	15.73%	12.5%	11.99%	12.90%	11.45%	11.82%	2.65%	2.39%	2.50%	2.63%
Motion picture, video & sound	111	62	134	144	108	162	172	42	54	54	84
Motion picture %	21.3%	13.49%	22.7%	23.11%	18.30%	22.85%	23.27%	4.74%	5.45%	5.34%	6.49%
Radio & television	151	167	176	196	208	231	241	474	531	589	712
Radio and TV %	28.9%	36.41%	29.9%	31.61%	35.41%	32.51%	32.46%	54.11%	53.59%	57.95%	55.21%
Photography, visual and graphic arts	17	17	19	19	19	22	24	25	20	17	15
Photography, visual %	3.3%	3.80%	3.3%	3.08%	3.28%	3.17%	3.19%	2.81%	2.06%	1.68%	1.17%
Advertising services	63	28	65	74	54	87	95	137	165	130	235
Advertising %	12.1%	6.06%	11.0%	11.86%	9.26%	12.31%	12.77%	15.65%	16.64%	12.79%	18.23%
Copyright collective management societies	2	4	4	4	4	4	4	4	4	4	6
CMS %	0.38%	0.87%	0.68%	0.64%	0.68%	0.56%	0.54%	0.46%	0.40%	0.39%	0.47%

Figure 8.9: Graph of the Trends in the Structure of Core Copyright Employment in St. Lucia, 2000-2010



8.6.5 St. Vincent and the Grenadines

In St. Vincent and the Grenadines, Core employment grew from 571 in 2000 to 717 in 2010. Employment in 'music, theatrical production, opera' has grown from 57.3% of the jobs in the core in 2000 to 60.7% in 2010 (Table 8.10). The changing share reflects the rapid development of the St. Vincent and the Grenadines Carnival to a prominent activity in the OECS events calendar. The share of employment in press and literature also grew from 9% of the core in 2000 to 11.5% in 2010. The displacement took place in advertising, as its share fell from 26.7% in 2000 to 19.6% in 2010. Figure 8.10 illustrates the changing structure of employment in the core copyright sector.

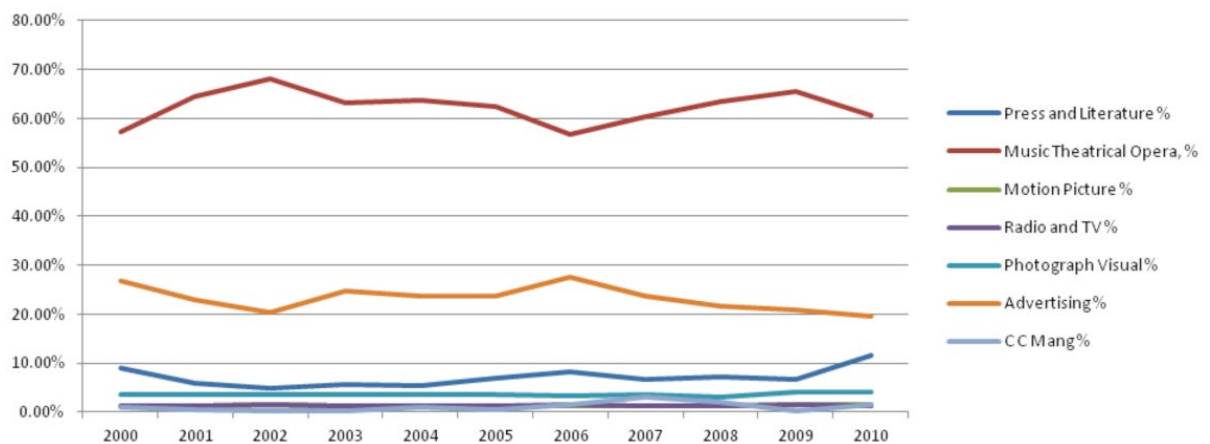
Table 8.10: Trends in the Structure of Employment in the Core Copyright Sector, St. Vincent and the Grenadines, 2000-2010

Core Copyright Sectors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employment core copyright	571	640	641	681	763	758	661	775	764	703	717
Press and literature	51	38	31	38	42	53	53	52	55	46	83
Press and literature %	9.01%	5.97%	4.88%	5.65%	5.46%	7.05%	8.10%	6.74%	7.15%	6.61%	11.54%
Music, theatrical production, opera	327	412	436	430	486	473	376	469	485	460	435
Music theatrical opera %	57.31%	64.48%	68.05%	63.10%	63.65%	62.45%	56.85%	60.47%	63.43%	65.52%	60.70%
Motion picture, video & sound	7	9	9	9	10	10	8	10	9	10	10
Motion picture %	1.25%	1.33%	1.38%	1.34%	1.34%	1.32%	1.20%	1.27%	1.22%	1.48%	1.41%
Radio & television	7	9	10	9	9	10	10	10	10	10	9
Radio and TV %	1.18%	1.36%	1.51%	1.30%	1.21%	1.28%	1.49%	1.25%	1.30%	1.40%	1.22%

Table 8.10: Trends in the Structure of Employment in the Core Copyright Sector, St. Vincent and the Grenadines, 2000-2010 (continued)

Photography, visual and graphic arts	20	23	24	25	28	27	22	27	24	29	29
Photography, visual %	3.46%	3.58%	3.69%	3.65%	3.65%	3.57%	3.28%	3.46%	3.13%	4.13%	4.01%
Advertising services	153	146	130	169	181	180	182	184	166	146	141
Advertising %	26.71%	22.87%	20.23%	24.84%	23.70%	23.80%	27.58%	23.79%	21.70%	20.75%	19.62%
Copyright collective management societies	6	3	2	1	8	4	10	23	16	1	11
CMS %	1.09%	0.42%	0.25%	0.13%	0.99%	0.53%	1.50%	3.03%	2.07%	0.12%	1.51%

Figure 8.10: Graph of the Trends in the Structure of Core Copyright Employment in St. Vincent and the Grenadines, 2000-2010



8.7 Distribution of Employment in the Interdependent, Partial and Non-Dedicated Copyright Sector of the OECS

8.7.1 Dominica

Table 8.11 documents the trends in employment in the interdependent copyright sector of Dominica since 2000. The main event has been the end of employment in paper manufacturing since 2003. In the partial copyright sector, the dominant employer over the decade has been the combination of architecture, engineering and interior designs (approximately 89%) linked to the development of the housing industry and tourism (**Table 8.12**). No other segment has achieved rising prominence over the period. In the non-dedicated support sector the distribution of employment was more balanced, but the share of jobs created in transportation grew from 11.6% to 17.9% over the decade. Distributive trades consistently accounted for a high share of jobs, but as the contribution of transport grew, the share of employment in the distributive trades declined from 76.5% to 72.3% between 2000 and 2010 (**Table 8.13**).

Table 8.11: Trends in Employment in the Interdependent Copyright Sector, Dominica, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	81	72	70	6	6	7	7	8	10	10	10
Computer and related services	7	7	6	6	6	7	7	8	10	10	10
Computer %	8.6%	9.5%	9.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Manufacture of containers of paper	74	65	63	0	0	0	0	0	0	0	0
Manu %	91.4%	90.5%	90.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 8.12: Trends in Employment in the Partial Copyright Sector, Dominica, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial Copyright Sectors	35	33	25	27	31	35	37	44	55	48	47
Wearing apparel & textiles	4	3	3	3	3	2	2	2	2	2	2
Wearing apparel %	10.5%	8.9%	12.5%	10.5%	9.0%	5.1%	5.4%	4.1%	3.1%	4.1%	4.1%
Furniture and related products and designs	2	2	4	2	2	2	3	3	4	3	3
Furniture and related products and designs %	5.2%	6.4%	16.0%	8.7%	5.9%	5.9%	7.1%	7.3%	8.1%	6.7%	7.0%
Architecture, engineering and interior designs	29	28	18	22	26	31	32	39	49	43	42
Architecture, engineering and interior designs %	84.3%	84.7%	71.5%	80.9%	85.1%	89.0%	87.5%	88.6%	88.9%	89.2%	88.8%

Table 8.13: Trends in employment in the Non-Dedicated Copyright Sector, Dominica, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated Support	393	352	320	321	376	365	360	345	395	429	428
Distributive trade services	300	271	251	257	282	281	262	253	306	312	309
Distributive trade services %	76.5%	77.1%	78.6%	80.1%	75.0%	76.9%	72.8%	73.3%	77.3%	72.8%	72.3%
Transport	45	42	44	46	56	47	52	51	53	71	77
Transport	11.6%	11.9%	13.6%	14.2%	14.8%	12.9%	14.6%	14.6%	13.3%	16.6%	17.9%
Cable TV	47.0	38.7	24.9	18.4	38.4	37.2	45.3	41.8	37.1	45.8	41.9
Cable TV %	12.0%	11.0%	7.8%	5.7%	10.2%	10.2%	12.6%	12.1%	9.4%	10.7%	9.8%

8.7.2 Grenada

Table 8.14 documents the trends in employment in Grenada's interdependent copyright sector since 2000. The interesting change has been the rising share of employment in 'computer and related services' from 6.8% of all jobs in the subsector in 2000 to 9.9% in 2010. Correspondingly, the share of employment in 'manufacture of containers of paper', the main interdependent sector, has generally remained high throughout the decade. In the partial copyright sector, the main source of employment over the decade was also interior designs, linked to the development of the housing industry and tourism (**Table 8.15**). In the non-dedicated support sector, distributive trades increased its share of jobs from 50.2% to 56.8%. The share of taxi services in employment grew overall, somewhat displacing cable TV, the share of which fell from 18.9 to 14.9% over the decade (**Table 8.16**).

Table 8.14: Trends in employment in the Interdependent Copyright Sector, Grenada, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	224	183	232	186	152	129	152	149	160	203	170
Computer and related services	15	18	19	15	14	14	15	16	16	16	17
Computer %	6.8%	10.1%	8.2%	8.2%	9.2%	11.0%	10.2%	10.8%	10.2%	7.9%	9.9%
Manufacture of containers of paper	209	165	213	170	138	115	136	133	143	187	153
Paper %	93.2%	89.9%	91.8%	91.8%	90.8%	89.0%	89.8%	89.2%	89.8%	92.1%	90.1%

Table 8.15: Trends in the Partial Copyright Sector, Grenada, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial Copyright Sectors	580	509	493	458	440	848	623	616	572	378	369
Wearing apparel & textiles	1	1	1	1	1	1	0.29	0.28	0.30	0.29	0.26
Wearing apparel %	0.2%	0.1%	0.2%	0.2%	0.2%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%
Furniture and related products and designs	3	-2	-4	0	12	9	12	12	12	10	15
Furniture and related products and designs %	0.6%	-0.4%	-0.8%	-0.1%	2.8%	1.1%	1.8%	2.0%	2.2%	2.5%	4.2%
Interior designs	575	510	496	457	427	838	611	604	559	368	353
Interior designs %	99.2%	100.2%	100.6%	99.9%	97.0%	98.8%	98.1%	97.9%	97.8%	97.4%	95.8%

Table 8.16: Trends in the Non-Dedicated Copyright Sector, Grenada, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated Support	629	549	527	534	573	644	605	574	570	491	468
Distributive trade services	316	289	289	260	274	348	348	308	327	263	266
Distributive trades Services %	50.2%	52.7%	54.9%	48.6%	47.8%	54.0%	57.4%	53.7%	57.4%	53.4%	56.8%
Taxi services	101	91	88	112	136	133	99	101	98	98	87
Taxi services (including minibus) %	16.1%	16.5%	16.7%	21.0%	23.8%	20.6%	16.4%	17.6%	17.2%	19.9%	18.5%
Auxiliary transport activities and storage	94	67	63	73	73	70	69	69	57	54	46
Auxiliary transport activities and storage %	14.9%	12.2%	11.9%	13.7%	12.8%	10.9%	11.4%	12.1%	10.0%	10.9%	9.8%
Cable TV	119	102	87	89	90	93	89	95	88	78	70
Cable TV %	18.9%	18.6%	16.5%	16.7%	15.6%	14.5%	14.8%	16.6%	15.5%	15.8%	14.9%

8.7.3 St. Kitts and Nevis

Perhaps the most striking feature of the interdependent copyright sectors of St. Kitts and Nevis is the rising share of 'computer and related services' in employment since 2000, while the share of 'TVs, radios, VCR, CD/DVD players, electronic gaming and equipment' has been falling (**Table 8.17**). The segment of computer and related services increased its share of employment from 56.6% of the subsector jobs in 2000 to 61.8% at the end of the decade. In the partial copyright sector, the rising share of employment in 'textiles' has been displacing employment in 'architecture, engineering and surveying'. Jobs in textiles have now grown to

account for about 52.8% of all partial copyright jobs in St. Kitts and Nevis (**Table 8.18**). While the heritage on which 'museums' are founded remains solid, over the decade employment in the sector has declined from 14.2% to 9.6% of the subsector jobs. This appears to imply that a lasting and evolving copyright creation program is yet to emerge around historical features such as the birthplace and home of Alexander Hamilton, the first Treasury Secretary of the USA. In the non-dedicated support activities, general transportation was the largest and most rapidly growing contributor to employment, with its share increasing from 25.2% in 2000 to 39.8% in 2010. The share of cable TV in employment declined over the period from 60.1% in 2000 to 50.8% in 2010 (**Table 8.19**).

Table 8.17: Trends in Employment in the Interdependent Copyright Sector, St. Kitts and Nevis, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	94	112	149	114	122	130	122	134	138	141	137
TVs, radios, VCR, CD/DVD players, electronic gaming and equipment	41	47	43	42	53	47	43	37	38	40	53
TV %	43.4%	42.1%	28.6%	37.0%	43.8%	36.1%	34.9%	27.6%	27.5%	28.4%	38.2%
Computer and related services	53	65	106	72	69	83	79	97	100	101	85
Computer %	56.6%	57.9%	71.4%	63.0%	56.2%	63.9%	65.1%	72.4%	72.5%	71.6%	61.8%

Table 8.18: Trends in the Partial Copyright Sector, St. Kitts and Nevis, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial Copyright Sectors	172	188	193	173	199	222	247	243	245	205	247
Wearing apparel	43	31	18	18	17	17	15	12	13	13	16
Wearing apparel %	24.9%	16.3%	9.5%	10.3%	8.6%	7.5%	5.9%	5.1%	5.4%	6.1%	6.5%
Textiles	24	23	20	50	80	87	85	81	80	64	131
Textiles %	14.3%	12.2%	10.2%	29.2%	40.4%	39.3%	34.3%	33.5%	32.8%	31.2%	52.8%
Museums	24	22	32	35	35	41	54	36	42	39	24
Museums %	14.2%	11.9%	16.5%	20.2%	17.6%	18.5%	21.7%	14.8%	17.3%	18.9%	9.6%
Architecture, engineering, surveying	80	112	123	70	66	77	94	113	109	89	77
Architecture, engineering, surveying %	46.5%	59.6%	63.8%	40.3%	33.4%	34.8%	38.1%	46.6%	44.5%	43.7%	31.1%

Table 8.19: Trends in the Non-Dedicated Copyright Sector, St. Kitts and Nevis, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated Support	68	66	85	88	86	85	98	113	116	102	126
Distributive trade services	10	9	12	12	13	15	14	14	15	12	12
Distributive trade services %	14.8%	13.4%	14.6%	14.1%	15.3%	17.2%	14.7%	12.3%	13.3%	12.1%	9.6%
General transportation	17	18	20	21	24	26	33	39	49	38	50
General transportation %	25.2%	27.1%	24.0%	24.0%	27.7%	30.3%	33.7%	34.2%	42.7%	37.0%	39.6%
Cable TV	41	39	52	54	49	45	51	60	51	52	64
Cable TV %	60.1%	59.5%	61.4%	61.9%	57.0%	52.5%	51.5%	53.5%	44.0%	50.9%	50.8%

8.7.4 St. Lucia

Table 8.20 documents the trends in employment in the interdependent copyright sector since 2000. The main trend has been the continued importance of paper manufacturing, which is the main source of jobs in the interdependent sector, providing in excess of 95% of the jobs. The tendency to a rising share of 'computer and related services' jobs, evident in the early part of the decade, has not been sustained. 'Architecture, engineering, surveying' and interior designs continue to dominate job creation in the partial copyright sector, each accounting for about half of the jobs available in the sector (**Table 8.21**). In the non-dedicated support sector, the share of distributive trades in job creation has been falling, from 85.1% in 2000 to 67.1% in 2010. The sectors that have increased their share of job creation are mainly transport services and cable TV. The shares of transport services grew from 11.2% to 22.9%, while those of cCable TV grew from 3.7% to 10% over the decade 2000-2010 (**Table 8.22**).

Table 8.20: Trends in the Interdependent Copyright Sector, St. Lucia, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	206	150	202	181	183	185	202	196	215	287	227
Computer and related Services	11	6	13	13	11	15	14	11	11	10	9
Computer %	5.5%	3.8%	6.6%	7.3%	6.2%	8.0%	7.1%	5.4%	5.3%	3.6%	4.2%
Manufacture of containers of paper	195	145	189	168	172	171	187	186	204	276	218
Paper %	94.5%	96.2%	93.4%	92.7%	93.8%	92.0%	92.9%	94.6%	94.7%	96.4%	95.8%

Table 8.21: Trends in the Partial Copyright Sector, St. Lucia, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial Copyright Sectors	597	237	509	569	544	848	1127	547	703	483	759
Wearing apparel	13	8	7	6	6	5	5	4	4	4	3
Wearing apparel %	2.2%	3.3%	1.4%	1.1%	1.0%	0.6%	0.4%	0.8%	0.6%	0.8%	0.4%
Textiles	7	6	8	17	27	26	43	44	37	29	38
Textiles %	1.2%	2.5%	1.6%	3.0%	4.9%	3.1%	3.8%	8.1%	5.3%	6.0%	5.0%
Architecture, engineering, surveying	287	114	251	275	245	399	531	239	322	219	334
Architecture, engineering, surveying %	48.1%	47.9%	49.3%	48.3%	45.0%	47.1%	47.1%	43.6%	45.9%	45.3%	44.0%
Furniture and related products and designs	5	-3	-5	-1	24	22	23	24	20	15	21
Furniture and related products and designs %	0.8%	-1.1%	-1.1%	-0.1%	4.5%	2.6%	2.0%	4.4%	2.9%	3.1%	2.8%
Interior designs	284	113	248	272	243	395	526	236	319	217	363
Interior designs %	47.6%	47.4%	48.8%	47.8%	44.6%	46.6%	46.6%	43.2%	45.4%	44.9%	47.8%

Table 8.22: Trends in the Non-Dedicated Copyright Sector, St. Lucia, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated Support	517	442	438	507	563	649	749	698	691	630	796
Distributive trade services	440	364	350	405	426	515	578	520	508	441	535
Distributive trade services %	85.1%	82.4%	79.9%	79.8%	75.7%	79.3%	77.2%	74.5%	73.6%	70.1%	67.1%
Transport	58	58	66	77	103	101	128	134	137	142	182
Transport %	11.2%	13.2%	15.1%	15.2%	18.2%	15.5%	17.1%	19.2%	19.8%	22.5%	22.9%
Cable TV	19	19	22	26	34	33	43	44	45	47	79
Cable TV %	3.7%	4.4%	5.0%	5.0%	6.0%	5.1%	5.7%	6.4%	6.6%	7.5%	10.0%

8.7.5 St. Vincent and the Grenadines

The interdependent copyright sector of St. Vincent and the Grenadines comprises 'computer and related services' and 'manufacture of containers of paper' (Table 8.23). An important trend is that the share of computer and related services in employment has been growing since 2000, and it now accounts for about 52% of the interdependent sector jobs. Paper manufacturing accounts for about 48.1% of the jobs, down from about 71% at the start of the decade. As in most of the OECS, the dominant employer in the partial copyright sector has been interior designs, which has accounted for about 98% of the subsector jobs over the period (Table 8.24). In the non-dedicated support sector, distributive trades has consistently been the main source of jobs over the decade, and it now accounts for 72.2% of all jobs. However, the share of transport has grown from 15.4% to 18.2% of the subsector jobs, while the share of cable TV has increased marginally from 8.9% to 9.6% over the decade (Table 8.25).

Table 8.23: Trends in the Interdependent Copyright Sector, St. Vincent and the Grenadines, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interdependent Sectors	118	108	91	72	77	93	99	116	103	69	64
Computer and related services	34	30	23	22	32	49	71	67	58	41	33
Computer %	29.0%	28.1%	25.5%	30.7%	41.3%	53.0%	71.7%	57.4%	56.8%	60.0%	51.9%
Manufacture of containers of paper	84	77	68	50	45	44	28	50	44	28	31
Manufacture %	71.0%	71.9%	74.5%	69.3%	58.7%	47.0%	28.3%	42.6%	43.2%	40.0%	48.1%

Table 8.24: Trends in the Partial Copyright Sector, St. Vincent and the Grenadines, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Partial Copyright Sectors	327	360	342	359	422	401	445	498	442	366	382
Wearing apparel & textiles	1	1	1	3	3	3	1	1	0	0	1
Wearing apparel & textiles %	0.4%	0.3%	0.4%	0.8%	0.8%	0.8%	0.2%	0.2%	0.1%	0.1%	0.1%
Furniture and related products and designs	9	23	11	11	13	12	12	14	14	11	10
Furniture and related products and designs %	2.9%	6.5%	3.1%	3.1%	3.0%	3.1%	2.6%	2.8%	3.1%	2.9%	2.5%
Architecture, engineering and interior designs	317	336	330	345	406	385	432	483	428	355	372
Architecture, engineering and interior designs %	96.8%	93.3%	96.5%	96.2%	96.2%	96.1%	97.2%	97.0%	96.9%	96.9%	97.3%

Table 8.25: Trends in the Non-Dedicated Copyright Sector, St. Vincent and the Grenadines, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Non-dedicated Support	669	699	753	759	809	855	888	841	839	739	682
Distributive trade services	512	513	528	546	580	621	642	593	602	515	492
Distributive trade services %	76.6%	73.4%	70.1%	72.0%	71.7%	72.6%	72.3%	70.6%	71.8%	69.7%	72.2%
Transport	103	126	139	134	134	144	152	146	143	141	124
Transport %	15.4%	18.0%	18.4%	17.6%	16.6%	16.8%	17.1%	17.4%	17.0%	19.0%	18.2%
Cable TV	54	60	86	78	94	90	94	101	94	83	66
Cable TV %	8.1%	8.6%	11.4%	10.3%	11.7%	10.5%	10.6%	12.0%	11.2%	11.2%	9.6%

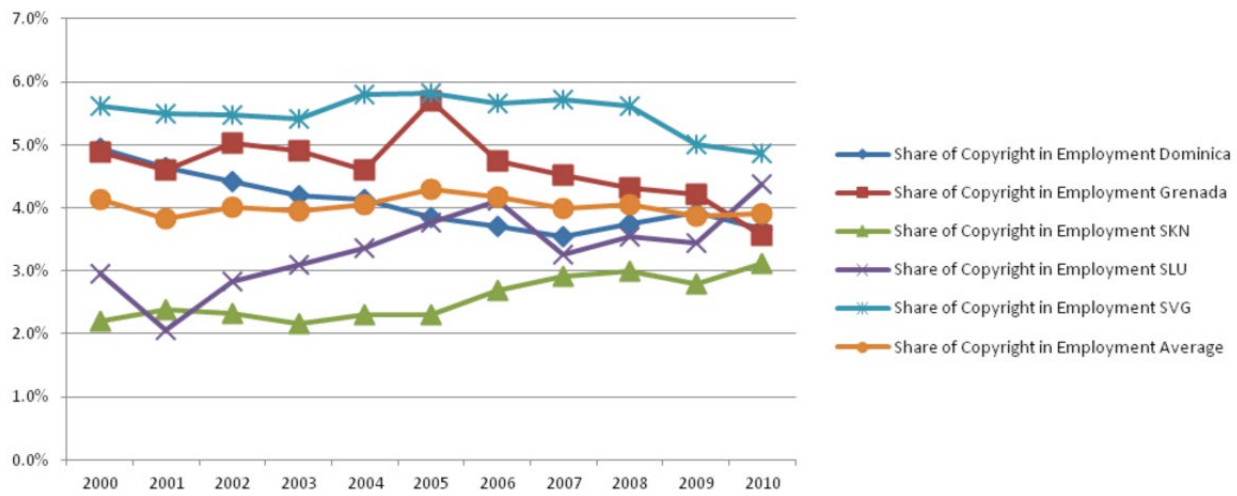
8.8 An OECS Perspective on Copyright Employment

The data in **Table 8.26** provide a measure of the trends in the share of employment in copyright-based activity in the participating Member States of the OECS. The share has remained broadly stable since 2000, indicating a tendency for the sector to become more efficient on average, as output grew its share over the period. St. Vincent and the Grenadines and St. Lucia are the economies that currently generate the highest share of jobs from copyright activity. **Figure 8.11** graphs the trends.

Table 8.26: Trends in the Share of Copyright Sector in Employment, OECS, 2000-2010

	Share of Copyright in Employment					
	Dominica	Grenada	St. Kitts and Nevis	SLU	St. Vincent and the Grenadines	Average
2000	5.0%	4.9%	2.2%	2.9%	5.6%	4.1%
2001	4.6%	4.6%	2.4%	2.0%	5.5%	3.8%
2002	4.4%	5.0%	2.3%	2.8%	5.5%	4.0%
2003	4.2%	4.9%	2.2%	3.1%	5.4%	4.0%
2004	4.1%	4.6%	2.3%	3.4%	5.8%	4.0%
2005	3.8%	5.7%	2.3%	3.8%	5.8%	4.3%
2006	3.7%	4.7%	2.7%	4.1%	5.7%	4.2%
2007	3.5%	4.5%	2.9%	3.3%	5.7%	4.0%
2008	3.8%	4.3%	3.0%	3.5%	5.6%	4.0%
2009	3.9%	4.2%	2.8%	3.4%	5.0%	3.9%
2010	3.7%	3.6%	3.1%	4.4%	4.9%	3.9%

Figure 8.11: Graph of the Trends in the Share of Copyright Employment in the OECS, 2000-2010



9. COMPARISON WITH OTHER COUNTRIES

The estimates of the contribution of copyright-based industries to the OECS participating countries are broadly in line with estimates of the contribution of copyright to other Caribbean countries and many countries around the world. In those countries in which the WIPO-sponsored studies were conducted, it was found that the contributions of copyright industries to GDP ranged from 11.12% in the USA to a low of 2.0% in Brunei, and averaged 4.7% (**Table 9.1**). In 2011, the contribution of copyright to GDP in Trinidad and Tobago was 4.8%. In the OECS, the average share in 2010 was 5.6%, with St. Lucia the highest at 8%, followed by St. Kitts and Nevis at 6.5% and trailed by Dominica at 3.3%. Similarly, in the international community, the contribution of copyright to employment of labor ranged from a low of 1.91% in Ukraine to 11.1% in the Philippines, with an average of 5.81%. In the case of Trinidad and Tobago, the estimated contribution to employment was 5% in 2011. In the OECS, in 2010, copyright in St. Vincent/Grenadines was 4.9% of the total, followed by St. Lucia at 4.4%, and with St. Kitts and Nevis trailing at 3.1%.

Table 9.1: Contribution of Copyright Sector by Country Conducting WIPO-Sponsored Studies

No	Year	Country	Contribution to GDP (%)	Contribution to Employment (%)
1	2010	Dominica	3.3	3.7
2	2010	Grenada	4.6	3.6
3	2010	St. Kitts and Nevis	6.5	3.1
4	2010	St. Lucia	8.0	4.4
5	2010	St. Vincent and Grenadines	5.6	4.9
6	2011	Trinidad and Tobago	4.8	5
7	2007	USA	11.12	8.49
8	2007	Australia	10.3	8
9	2005	Korea	8.67	4.31
10	2009	Hungary	7.4	7.2
11	2006	Panama	6.95	6.35
12	2006	China	6.41	6.5
13	2004	Russia	6.06	7.3
14	2005	Netherlands	5.9	8.8
15	2005	Malaysia	5.8	7.5
16	2004	Singapore	5.8	5.9
17	2005	Romania	5.54	4.17
18	2007	Kenya	5.32	3.26
19	2007	Slovenia	5.1	6.8
20	2000	Philippines	4.92	11.1
21	2005	Jamaica	4.8	3.03
22	2003	Mexico	4.77	11.01
23	2005	Lebanon	4.75	4.49
24	2008	Bulgaria	4.54	4.92
25	2004	Canada	4.5	5.55
26	2006	Pakistan	4.45	3.71
27	2004	Croatia	4.42	4.64
28	2000	Latvia	4	4.5

Table 9.1: Contribution of Copyright Sector by Country Conducting WIPO-Sponsored Studies (continued)

29	2005	Peru	3.6	2.51
30	2005	Colombia	3.3	5.8
31	2005	Ukraine	3.47	1.91
32	2005	Brunei	2	3.3

From the standpoint of the challenge of development, the shares of copyright in GDP and in employment are too low to address adequately the development challenges of the OCEC countries. However, copyright-based industries, especially the core and interdependent copyright sectors, are typically producers of information and other forms of capital and, therefore, offer an economy significant potential for increasing productivity and competitiveness.

The leading economies, though much larger, have shares of copyright-based industries in excess of 9% of GDP because they are major contributors to productivity growth. The high share is achieved by high levels of investment in the copyright sector, and in industries supporting it, such as targeted education and healthcare. The evidence points to underinvestment in the copyright sector of the OECS and the wider Caribbean, for reasons unrelated to productivity and profitability.

Further, it is important to consider the factor price data characterizing the countries of the OECS, as used to construct the estimates above. In that regard, policy-makers should know that there are two key ratios that enter into the definition of the technology of production of any sector: the capital/labor ratio, which must be aligned to the ratio of the rate of profit on capital and the wage rate as the basis for raising labor productivity; and the import capacity/labor ratio, which must be aligned to the ratio of the unit cost of import capacity and the wage rate, as the basis for raising import productivity.

1. If labor is becoming expensive relative to domestic capital, as it is in the data on the OECS, then to stay competitive, the (firms of the) economy must adjust by using more domestic capital and less labor.
2. Similarly, if (because of technological spillovers) necessary imports are becoming expensive relative to domestic capital, then the producers must adjust by using more domestic capital and less import capacity.

The data in **Table 9.2** show that the average trend in the copyright sector is that wages are growing faster than the economy as a whole. If this sector is to lead the development of the economy on a sustainable basis, its productivity growth must also exceed that of the economy as a whole. At the same time, the economy is highly import-dependent, with rising import factor costs resulting from rapid technological change and related obsolescence of factor inputs already purchased from abroad. Thus, two distinct adjustments are needed. The first is investment in domestic and imported capital to raise labor productivity. The second is investment in domestic capital to raise import productivity. These adjustments require an optimal mix of domestic and imported capital in the economy and in the copyright sector. Given the history of the OECS, this also means investment to develop, produce, employ and export domestic capital, on a scale that allows the industry to keep up with the wage increases and then also lead the development of the economy as one of its high-productivity industries. This is the type of investment observed in a country such as China, which underinvested in its copyright sector in the past. It is in this sense that OECS economies are currently under-investing in the copyright industries.

Table 9.2: Wage Trends in Economy and Copyright Industries, OECS, 2000-2010

Dominica	Average Wage Growth	3.40%
	Copyright Industries Wage Growth	7.00%
Grenada	Average Wage Growth	2.30%
	Copyright Industries Wage Growth	3.30%
St. Kitts and Nevis	Average Wage Growth	2.70%
	Copyright Industries Wage Growth	2.00%
SLU	Average Wage Growth	3.40%
	Copyright Industries Wage Growth	5.10%
St. Vincent and the Grenadines	Average Wage Growth	1.60%
	Copyright Industries Wage Growth	4.70%

There are other indicators of the extent of the underinvestment that can be gleaned from considering economies such as China, as well as India and Brazil. In particular, one can compare the record of the OECS and other members of CARICOM and the emerging economies of Brazil, China and India, along with the USA and Japan. **Figure 9.1** illustrates that over the long periods 1970-99 and 2000-2010, all countries have experienced a falling investment-imports ratio. Overall, one would expect this to be an effect of the growing influence of globalization. However, the ratio for Caribbean countries tends to be below 1, and generally below 0.5 in the case of the OECS: this contrasts with Brazil, China and India, along with countries such as the USA and Japan, all with ratios that are all above 1. The difference in these ratios reflects significant differences in the size of the domestic capital sector and, thus, the share of domestic capital in total investment. Further, over the long periods from 1970-1999 and 2000-2010, the contrast is also clear (**Figure 9.2**): a low and falling marginal product of capital for OECS countries, compared to a high and rising marginal product of capital for Brazil, China and India. No OECS country has established a sustained upward trend since 1970.

Figure 9.1: Investment-import ratio 1970-99; 2000-10, English Speaking Caribbean countries and selected countries (Brazil, China, India, USA, Japan)

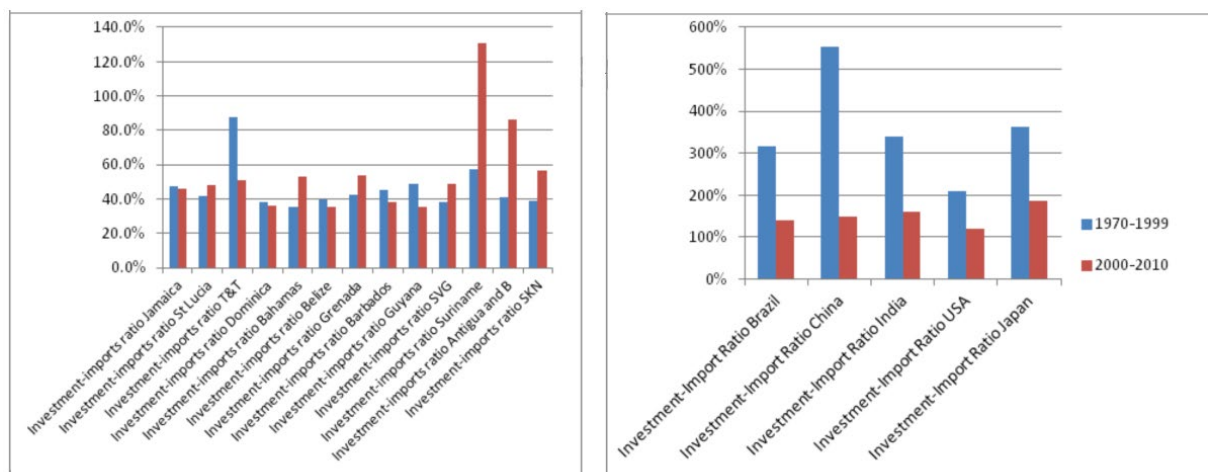
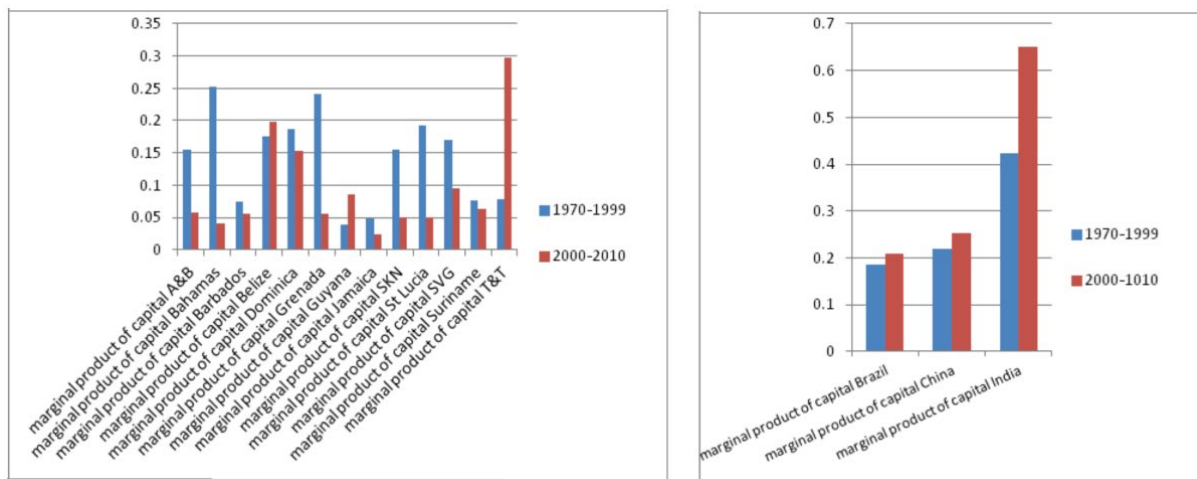


Figure 9.2: ICOR Reciprocal, 1970-99; 2000-10, English Caribbean Speaking countries and selected countries (Brazil, China, India)



These data are good indicators of a sub-optimal share of domestic capital in total capital, resulting from underinvestment in domestic capital. Economies such as Brazil, India and China, where comparative advantage genuinely lies in labor-intensive industries, have not only moved to establish and preserve a stronghold in industries such as textiles, footwear and lumber, but have also moved to develop highly capital-intensive industries, such as steel, automobiles and consumer electronics, jet aircraft, robotics, fiber optics, office automation machinery, and genetic engineering, among several others. The key underpinning of that shift is that, even as their wages have tended to remain at a very low fraction (10% or so) of wages in the industrialized economies like the USA, these countries have followed the Japanese strategy of making the shift through large-scale investment to build up their domestic capital sector and imported stock, and also their pools of foreign exchange reserves created using high rates of savings from their highly competitive, and hence profitable, labor-intensive industries. In the process, wages have tended to move upwards slowly, but, as Japan did in the 1980s and 1990s, the countries are also investing heavily to build up the capacity of the domestic capital sector to develop advanced technological capacities by training research scientists and funding advanced research and development. The product of this effort is an increasing shift into the capital-abundant stage of development, led by abundant domestic capital.

In principle, in such a dynamic world, this is the same strategy that OECS countries must adopt, except that (at least initially) it must be a strategy of developing the creative sector, and other capital service sectors, by training research scientists and funding related advanced research, discovery and applications. In the context of small size, however, such a strategy would fail unless accompanied by a deliberate effort to join the globalizing stream and develop capacity to export advanced capital services and related goods. The copyright sector epitomizes the possibilities of that strategy, especially for a set of small economies such as those in the OECS.

In the creation of the OECS, it was anticipated that larger scale and scope would allow innovative sectors, including the copyright-based sectors, to contribute better to national and OECS development. The fundamental requirement for the evolution of these sectors is the creation of a growing domestic capital sector, and this in turn requires strong proactive policies to promote the development of the domestic capital sector as part of its accumulation program to drive growth. This is because spending to promote accumulation and exports is the most potent of the policy tools under a government's control, particularly more so than monetary policy tools. Copyright sectors are special in this context because, in the normal effort to innovate and be viable on the world stage, they have evolved as producers, users and exporters of tacit knowledge and other forms of domestic capital. They therefore deserve special targeting in their own right. When placed in that context, the above evidence points to underinvestment in domestic capital generally, and to underinvestment in copyright in particular.

9.1 Addressing digitization

Even as the OECS economies move to increase the share of domestic capital in the investment process, they must recognize that, on account of the small size of the local markets, much of the output produced will have to be exported, most likely on the fastest possible broadband. The countries must therefore pay close attention to the trends in digitization of music and other forms of copyright-based output.

With the advent of digitization and the availability of copyright products without physical media, the processes that linked the creator to the final consumer have been radically changed. This change has largely been in the processes of reproduction and distribution. The cost of producing the first copy of a copyright work such as a book remains quite high for the author and publisher and is not much affected by digitization. However, in the digital domain, the cost of producing the second and subsequent units falls precipitously close to zero and remains at this low level indefinitely, no matter how many copies are produced. With the advent of the internet, not only is the cost of production of copyright products in digital form perceived to be zero, but this digital network practically eliminates most costs of distribution. From the point of view of the consumer and some firms that use copyright output as inputs, copyright works in digital form have become free and there is increasing resistance to paying for digitized copyright output. However, no rational economic agent pursuing profit would produce any output if the price of her product were zero. There must be reward for producing the first copy as well as subsequent copies. The author or other copyright producer must have a reasonable prospect of selling sufficient copies at a price that is sufficiently above zero, or of receiving adequate compensation in some other form (such as royalties) to allow her to recover the initial high cost of producing the copyright work. The new methods of reproduction and distribution of works in digital form have therefore created a great danger that the quality and quantity of copyright output will diminish because there will be less investment of financial and mental resources in the production of these products. This is already evident in the recorded music industry, where the major record-producing firms have been curtailing investment in new artists. In order to restore the balance between the interests of creators and users and to give creators the incentive to produce copyright works, new approaches to managing the production and distribution of copyright products in digital form are needed, including new legal means of redress, as well as technological measures such as various forms of legally sanctioned digital rights management systems.

9.2 The Internet as Global Market

Recognition of the trends in digitization also makes the internet and information and communications technology generally a cross-cutting issue in the development of the OECS economy. The internet is a growing global market for copyright-based products and it is subject to the same patterns of market domination that characterize all markets. The evidence indicates that, in the value chain created by producing and distributing copyright goods over the internet, a form of centralization and control is developing. Already, Apple iTunes dominates the legal distribution of recorded music and, as of December 1st 2012, all Apple's digital goods were made available to Caribbean consumers. According to the New Music Express (online version), 80% of legal downloads of recorded music were from the iTunes platform.²³ Thus, many owners of what is left of the recorded music industry in the OECS are turning increasingly to this platform to sell their products. Similarly, the sale of e-books is rapidly being dominated worldwide by a few firms located in the north Atlantic.²⁴ According to CNet, in the 3rd quarter of 2010 one firm, Amazon, controlled 70 to 80% of the e-book market in the US.

The inexorable trajectory of the digitization and distribution of copyright products will lead to the elimination of many jobs associated with the traditional production and distribution of these products in the OECS, as in the rest of the world. The brick-and-mortar stores are being replaced by digital aggregators and retailers located overseas in the north Atlantic, and local authors and publishers are already turning to these firms to distribute their works even to consumers in the local market.

The challenge for the OECS Members is to find a profitable space in the new environment in order to manage the growing risk of participating in the value chain of the digital economy mainly as consumers or mere bit players on the edge of the digital stage. As the profiles on Freestyle and Dominica News Online and BVI News Online show, there are already some firms that are prepared to embrace digitization as an opportunity to produce new and innovative products.

²³ http://www.nme.com/blog/index.php?blog=10&title=who_will_break_itunes_monopoly&more=1&c=1&tb=1&pb=1

²⁴ http://reviews.cnet.com/8301-18438_7-20012381-82.html

10. A POLICY REGIME FOR COPYRIGHT-BASED INDUSTRIES IN THE OECS

The recommended copyright policy regime for the OECS is motivated by the facts presented so far, by related lessons extracted from the policy model estimated for Trinidad and Tobago,²⁵ and by guidelines from patterns evident in the global evidence. In the light of the analysis presented above, the key facts extracted are summarized, and for each the associated policy is identified.

1. The share of the copyright sector more than doubled over the decade, resulting from substantially faster growth of the copyright sector than the GDP since 2000.
 - a. Policy – take steps to enhance this growth performance. In addition to the matters raised above, the investment principle is identified in the policy model for T&T – make export-oriented domestic capital the fastest-growing sector of the economy.
 - b. The primary focus should be on activities in the core copyright sector, which can be exported on the high-speed internet among other options. Good examples of these are:
 - i. ‘Music, theatrical productions and opera’. This cluster has proven a strong performer in many OECS countries and can be targeted with only moderate expenditure of public resources.
 - ii. ‘Databases, software and new media’. This is the high-performance cluster in which Freestyle plays a leading role. It succeeds by relying on high levels of investment in tertiary education and an export orientation.
 - iii. ‘Visual and graphic arts and related technical services’. This cluster also features Freestyle and also relies on advanced tertiary education and export markets for success.
 - c. The activities in the core should be supported by high-quality exportables.
 - i. Education – which is exportable on the high-speed internet.
 - ii. Health and social services – which export as viable tourism.
 - iii. Museums.
 - iv. Non-dedicated copyright activities.
2. Notwithstanding its rapid growth, there is low reliance on bank financing and high reliance on retained earnings in the development of the sector.
 - a. Policy – take steps to increase access to, and use of, bank financing in the copyright industries.
 - b. Priority attention should be given to cutting the cost of financing to the sector over the medium term, through proper design and targeting of low-interest loan facilities to currently successful firms in the first instance. This would facilitate their expansion and generate related demonstration effects.
 - c. Institutions that are regional in scope, such as the new Eastern Caribbean Enterprise Fund, are likely to be the most successful in this effort, because of greater ability to achieve economies of scale and scope than country-based institutions.²⁶

²⁵ See James, V. (2012). The Contribution of Copyright and Related Rights-based Industries to GDP, Employment and Trade in Trinidad and Tobago: Potential and Policies for Economic Transformation. Report commissioned by the World Intellectual Property Organization at the request of the Government of Trinidad and Tobago.

²⁶ <http://www.ecefonline.com/about.asp>.

3. In the OECS, a relatively high percentage of persons in microenterprise generally, and in the copyright sector, seem to have tertiary education. Nonetheless, culture-based skill appears to be significantly more important than formal training-based skill development in the evolution of employment in the core copyright sector in the OECS. This trend will have to change if the industry is to provide a firm anchor for long-term development.
 - a. Policy – take steps to reorient the education sector as a whole to cater adequately to this tendency among graduates to enter the creative sector in pursuit of high-risk entrepreneurial income.
 - b. One approach is to target training to the large pool of young persons without employment in the OECS, inasmuch as the youth and the unemployed are highly likely to be disposed to risk-taking behavior.
4. Females have increasingly dominated the pursuit of tertiary education in recent years, but in the overall sociology of the copyright sector, males are also relatively well-educated. At the same time, there is a large pool of young people without work in the OECS who form a pool from which to attract labor into the copyright-based industries.
 - a. Policy – build on this favorable trend of participation by tertiary-educated males and females, by designing gender-sensitive policies for the sector.
 - b. Undertake further study of this tendency in the copyright sector, as creative industries receive increasing attention from the international community and as pressures mount to encourage and facilitate female participation.
5. The copyright-based industries thrive by growing and exporting the services of domestic capital.
 - a. Policy – both foreign direct investment and overseas development assistance can boost the prospects of the sector and should be courted.
 - i. The primary target in this case is to attract both types of injections, whether financial or real, to the production and export of copyright-based output in particular and domestic capital in general.
 - ii. The supporting domestic capital sector of the OECS is underdeveloped. The countries must concern themselves not only with raising the saving ratio to consumption, but also with how to convert the freed-up resources into investment goods and services, especially in the sense of building and diffusing know-how among local industries, closing technology and knowledge gaps, and enjoying technological spillovers from imports.
 - iii. An immediate policy response is to emphasize imports of capital goods and services relative to imports of consumer supplies. The process will then facilitate development of the copyright sector.
 - b. The process can be supported with appropriately constructed international cooperation.
6. Increased profitability in the copyright sector and other export-oriented domestic capital sectors allows payment of higher premiums for skills, and therefore skills have increasingly drifted into the copyright sector from traditional agriculture and even tourism.
 - a. Policy – such a trend justifies a policy framework to ensure that, as the economy saves, it increasingly uses the savings to accumulate capacities in domestic capital, including the skills of workers to do scientific research or act creatively.
 - b. From the perspective of the country ranking, one interpretation of this recommendation is that a country can build up its foreign assets as fast as possible if it has an abundant supply of labor, and then ensure that its domestic capital assets are built up even faster to create a relative abundance of domestic capital for the capital-producing sector and export-competing sector.

7. Given the creation of a single economic space within the OECS, a greater degree of harmonization of the copyright laws of the Member States is desirable.
 - a. Policy – Amend the copyright acts in St. Vincent and the Grenadines and Antigua and Barbuda.
 - i. Where protection for related rights is granted to persons who are citizens or residents of member countries of the Berne Convention, extend this protection to members of the Rome Convention.
 - ii. Member States should join the Rome Convention
 - iii. Ensure reciprocity in the protection of phonogram producers, performers and broadcasting organizations within the OECS and internationally.
 - b. At the minimum, amendments are required in OECS countries as necessary to ensure that:
 - i. All members of the OECS join the WIPO Performances and Phonograms Treaty (WPPT) as well as the WIPO Copyright Treaty (WCT) (these treaties deal specifically with copyright and related rights in the digital environment, the importance of which is rapidly increasing). Targets:
 - a. Dominica (WPPT, WCT);
 - b. Antigua & Barbuda, St. Kitts and Nevis (Rome, WPPT, WCT);
 - c. St. Vincent/Grenadines (Rome, WCT);
 - d. Grenada (Rome, WPPT, WCT).
 - ii. Set the term of copyright protection to a minimum of 70 years *after death*.
 - iii. Ensure reciprocity in the protection of phonogram producers, performers and broadcasting organizations within the OECS and internationally by increasing the period of protection from the present 50 years to 70 years at a minimum. This would bring the countries in line with the European Union practice. Serious consideration should be given to apply a 95-year term, inasmuch as a significant trade exists with US interests.
 - iv. The OECS Parliamentary Assembly, as a matter of priority, should advocate the adoption of a uniform copyright law guaranteeing the highest standards of protection for rights holders across all the Member States.
8. Digitization is proceeding apace. The recommended policy initiatives point to a need to adjust the education system as well as the trade and commerce stance of the countries. The general recommendation is accelerated development of skills and business practices to participate in the digital economy as *producers* of digital goods. Policies in the copyright sector should be deliberately geared to increasing the incentives for new firms in the establishment, innovation, and growth stages of their development.
9. Stakeholder Suggestions – The firms responding to the requests for profile data indicated two areas where policy interventions would assist their operations:
 - a. Actions to reduce piracy of copyright products
 - b. Creation of new financial instruments and products for firms operating in the copyright sector, particularly those firms whose operations involve little physical assets.

11. SUMMARY

This study provides estimates of the contribution of copyright to GDP and employment. It fits into the WIPO-motivated and sponsored studies on these matters and is the first 'regional' study in this measurement project. The basic approach of the study was to measure the value added of activities that are subject to, and enabled by, copyright law in each country in the OECS that has opted to participate in the study.

According to WIPO (2003), these industries are appropriately classified for statistical measurement into four broad groups of copyright activities: *core copyright industries*, which exist to create, produce, and/or distribute copyright materials; *interdependent copyright industries*, which are engaged in the production, manufacture and sale of equipment that facilitate copyright activity; *partial copyright industries*, whose main activities may not be copyright but include a significant component of products and services that are based on copyright; and *non-dedicated support industries*, which are the distribution industries that facilitate broadcasting, communication, distribution or sales of copyright-based activities that are not classified as core copyright activities. These industries serve to measure the spillover effects of the core, interdependent and partial copyright industries. Using the national accounting estimates of value added and employment, estimates are provided of the share of the activities to GDP and employment.

Overall, the background evidence for the estimates suggests that OECS countries were once leaders in the international search for growth and competitive restructuring. Now, they are generally falling behind on these indicators (**Table 4.22**). Every OECS country has experienced a fall in the long period rate of growth. Antigua and Barbuda fell from 4.0% in 1970-99 to 2.9% in 2000-2010; Grenada from 5.7% to 1.8%; Dominica from 4.2% to 2.6%; St. Kitts and Nevis, 5.3% to 1.4%; and St. Vincent and the Grenadines, from 4.5% to 2.5%. The evidence also shows that only the commodity producers of the Caribbean, enjoying high demand and buoyant prices, have fared better. If a country cannot rely on natural endowments to keep up with global trends, it must necessarily create its own opportunities. Such creation is achieved only by drawing on suitable international cooperation to develop, use, and export capital and other high-demand output, in contrast to consumer output. In particular, the fall-off of the growth rate is due to inadequate productivity growth relative to import costs, which has resulted in turn from the failure to restructure appropriately and in a timely manner towards capital output and exports. Ultimately, these are economic problems that must be addressed as a matter of urgency. Productivity growth is the central driver of development and timely and appropriate restructuring and economic renewal are the pistons of productivity growth. The share of each sector to GDP, employment, and trade are the 'weights' that determine the impact of the sector on labor productivity and labor.

Copyright-based sectors are special in this context because, in the normal effort to innovate and be viable on the world stage, they have evolved as producers, users and exporters of copyright, which is a form of domestic capital. They therefore deserve special policy targeting both in their own right and as sectors that can foster rapid growth of import productivity in the OECS. When placed in that context, the above evidence points to underinvestment in domestic capital generally, and to underinvestment in copyright in particular.

Data for the OECS show significant variation in contributions to output and employment. At one extreme, St. Lucia has a very strong improving trend in the share of copyright in GDP, up to 8% of output and 4.4% of jobs in 2010. St. Kitts and Nevis also exhibits an increasing role, up to 6.5% of output and 3.1% of jobs in 2010. At the other extreme, Dominica has a small and generally declining contribution from copyright to 2010, estimated at 3.3% of output and 3.7% of jobs. Grenada data reveal a declining share from copyright, in 2010 at 4.6% of output and 3.6% of jobs. St. Vincent and the Grenadines occupies the middle ground at 5.6% of output and 4.9% of jobs.

The share of copyright in the OECS is in line with estimates for other Caribbean countries. In 2005, in Jamaica, copyright contributed 4.8% of GDP and 3.03% of jobs. In T&T, despite the overwhelming dominance of the petroleum industry, in 2011 copyright-based industries contributed 4.8% of GDP and 5% of jobs, up from 3.6% of GDP and 3.9% of jobs in 2000. The overall evidence is of a sector that is too small relative to the development needs of the OECS. Leading economies tend to extract a significantly higher share. In the US, copyright contributed a high share of 11.12% GDP and 8.49% of jobs in 2007. Australia showed 10.3% GDP and 8.49% of jobs in 2007.

On policy, spending to promote accumulation and exports is the most potent of the policy tools under a government's control, particularly more so than monetary policy tools which are regional in scope. To this end, policy intervention should focus on activities in the core copyright sector, which can be exported on the high-speed internet, among other options. However, taking into account the nature of these core activities, such policies should be supported by high-quality exportable education, health and social services which export as viable tourism, and museums. Notwithstanding its successes, the core copyright sector exhibits low reliance on bank financing and high reliance on retained earnings in the development of the sector. Policy is needed to increase access to, and use of, bank financing in the copyright industries. This might have to be achieved by special development banking facilities and related new financing instruments. Policy is also needed to reorient the education sector as a whole to cater adequately to the needs of workers and entrepreneurs in the sector. One approach is to target training to the large pool of young persons without employment in the OECS, given that the youth and the unemployed are highly likely to be disposed to risk-taking behavior. Females have increasingly dominated the pursuit of tertiary education in recent years and policy should aim to attract them to the copyright sector in greater numbers. Further study will be needed to design these gender-sensitive policies.

Given the creation of a single economic space within the OECS a greater degree of harmonization of the copyright laws of the Member States is desirable. It should be treated as a matter of priority that amendments are undertaken to ensure that all members of the OECS should join the WIPO Performances and Phonograms Treaty (WPPT) as well as the WIPO Copyright Treaty (WCT) (these deal specifically with copyright and related rights in the digital environment, the importance of which is rapidly increasing). Countries should also move to set the term of copyright protection to a minimum of 70 years *after death* and to ensure reciprocity in the protection of phonogram producers, performers and broadcasting organizations within the OECS and internationally by increasing the period of protection from the present 50 years to 70 years at a minimum. This would bring the Member States in line with European Union practice. Serious consideration should be given to applying a 95-year term inasmuch as a significant trade exists with US interests.

Annex 1: Detailed Structure and Explanatory Notes, ISIC Rev.3.1

(International Standard Industrial Classification of All Economic Activities, Rev.3.1 – 1 Digit Classifications)²⁷


- A – Agriculture, hunting and forestry
 - 01 – Agriculture, hunting and related service activities
 - 02 – Forestry, logging and related service activities
- B – Fishing
 - 05 – Fishing, aquaculture and service activities incidental to fishing
- C – Mining and quarrying
 - 10 – Mining of coal and lignite; extraction of peat
 - 11 – Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction, excluding surveying
 - 12 – Mining of uranium and thorium ores
 - 13 – Mining of metal ores
 - 14 – Other mining and quarrying
- **D – Manufacturing**
 - 15 – Manufacture of food products and beverages
 - 16 – Manufacture of tobacco products
 - 17 – Manufacture of textiles
 - 18 – Manufacture of wearing apparel; dressing and dyeing of fur
 - 19 – Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear
 - 20 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
 - 21 – Manufacture of paper and paper products
 - 22 – Publishing, printing and reproduction of recorded media
 - 23 – Manufacture of coke, refined petroleum products and nuclear fuel
 - 24 – Manufacture of chemicals and chemical products
 - 25 – Manufacture of rubber and plastics products
 - 26 – Manufacture of other non-metallic mineral products
 - 27 – Manufacture of basic metals
 - 28 – Manufacture of fabricated metal products, except machinery and equipment
 - 29 – Manufacture of machinery and equipment n.e.c.

²⁷ Source: UNStats: <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=17>

- 30 – Manufacture of office, accounting and computing machinery
- 31 – Manufacture of electrical machinery and apparatus n.e.c.
- 32 – Manufacture of radio, television and communication equipment and apparatus
- 33 – Manufacture of medical, precision and optical instruments, watches and clocks
- 34 – Manufacture of motor vehicles, trailers and semi-trailers
- 35 – Manufacture of other transport equipment
- 36 – Manufacture of furniture; manufacturing n.e.c.
- 37 – Recycling
- E – Electricity, gas and water supply
 - 40 – Electricity, gas, steam and hot water supply
 - 41 – Collection, purification and distribution of water
- F – Construction
 - 45 – Construction
- G – Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
 - 50 – Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel
 - 51 – Wholesale trade and commission trade, except of motor vehicles and motorcycles
 - 52 – Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods
- H – Hotels and restaurants
 - 55 – Hotels and restaurants
- I – Transport, storage and communications
 - 60 – Land transport; transport via pipelines
 - 61 – Water transport
 - 62 – Air transport
 - 63 – Supporting and auxiliary transport activities; activities of travel agencies
 - 64 – Post and telecommunications
- J – Financial intermediation
 - 65 – Financial intermediation, except insurance and pension funding
 - 66 – Insurance and pension funding, except compulsory social security
 - 67 – Activities auxiliary to financial intermediation

- K – Real estate, renting and business activities
 - 70 – Real estate activities
 - 71 – Renting of machinery and equipment without operator and of personal and household goods
 - 72 – Computer and related activities
 - 73 – Research and development
 - 74 – Other business activities
- L – Public administration and defense; compulsory social security
 - 75 – Public administration and defense; compulsory social security
- M – Education
 - 80 – Education
- N – Health and social work
 - 85 – Health and social work
- O – Other community, social and personal service activities
 - 90 – Sewage and refuse disposal, sanitation and similar activities
 - 91 – Activities of membership organizations, n.e.c.
 - 92 – Recreational, cultural and sporting activities
 - 93 – Other service activities
- P – Activities of private households as employers and undifferentiated production activities of private households
 - 95 – Activities of private households as employers of domestic staff
 - 96 – Undifferentiated goods-producing activities of private households for own use
 - 97 – Undifferentiated service-producing activities of private households for own use
- Q – Extraterritorial organizations and bodies
 - 99 – Extraterritorial organizations and bodies.

Annex 2: Survey Instruments





Draft

Questionnaire ID

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St.Lucia

Place an X in the box for multiple choice options

For optimum accuracy, please print carefully and avoid contact with the edges of the box. The following will serve as an example:

1	2	3	4	5	6	7	8	9	0
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STUDY ON THE IMPACT OF COPYRIGHT-BASED INDUSTRIES IN OECS MEMBER STATES QUESTIONNAIRE

Pursuant to the provisions of the various copyright laws of the countries of the Organisation of Eastern Caribbean States (OECS) producers in every field of literary and artistic creation enjoy the protection of the law for their original works. The works protected under the various Copyright Acts include literary works, musical works, artistic works, sound recordings, broadcasts, live performances, and expressions of folklore.

Copyright based industries in the OECS have grown in economic importance over time. They are catalysts for employment generation, industrial research and development, entertainment, tourism development, cultural growth, etc. Jointly, they contribute significantly to annual GDP, employment and trade. This study seeks to determine the specific extent of these contributions.

This questionnaire is a key part of an attempt to generate necessary statistical information on the contributions of copyright-based industries (private sector firms and businesses, households and the Government) to the overall development of the sub-region's economy.

Kindly respond to those questions pertaining to your industry or profession. The answers provided will be treated with confidentiality and maximum responsibility.

Thank you.

0. ADMINISTRATIVE INFORMATION

For Official Use

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District Code **ED Number** **Household Number** **Person ID No.**

Date of Interview

DD	MM	YY

 /

1	1
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Result of Interview

Completed

Partially completed

Dwelling closed

Dwelling vacant

No contact

Refusal

no suitable respondent at home

Unable to find address

Other : specify _____

Signature of Supervisor _____

District / Region Name _____

Respondent's relationship to the owner/enterprise

1. Owner 2. Partner 3. Employee

4. Associate / Member 5. Family / Friend 6. Other

Respondent's years of experience in this or related business Years

Sex of Respondent 1 Male 2 Female

Respondent's Date of Birth /Age

DD	MM	YY	Or	Age

 /

Education (schooling) of respondent None Primary Secondary Tertiary



Questionnaire ID

□ □ □ □

1. BUSINESS ENTERPRISE PROFILE

1.1. Name of business enterprise? _____

1.2. Physical Location / Address of business enterprise? _____

NOTE: If the business has no separate/fixated location or premises write the home address of the owner and place an X in the box

□

1.3 What type of premises does the business enterprise utilize? □

- 1. Fixed business premises
- 2. Within a household without a separate space
- 3. Within a household with a separate space
- 4. On the side walk, street, beach or public space
- 5. Roaming musician / vendor etc.
- 6. In taxi / bus, other vehicle
- 7. Other (specify) _____

1.4 Primary business activity: _____

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□ □ □ □

ISIC CODE

1.5 Does your enterprise engage in any other (secondary) business activities? Yes No

1.6 How many years has this business enterprise been in operation (age of enterprise): □ □ □ □ Years

1.7 Ownership structure:

- 1. Wholly local (100% local ownership)
- 2. Partially local (less than 50% local ownership)
- 3. Partially foreign (less than 50% foreign ownership)
- 4. Wholly foreign (100% foreign ownership)

1.8 Type of business enterprise :

- 1. Sole proprietorship
- 2. Partnership
- 3. Private company
- 4. Public limited company
- 5. Other, specify

1.9 Are you/the business registered with any of the following (choose all that apply):

- 1. National Insurance Corporation
- 2. Small Business Association
- 3. Company Register/High Court Register
- 4. ECCO/Collective Management Society
- 5. Not Registered
- 6. Other

1.10 What type of financial accounts do you keep for this business enterprise? □

- 1. No accounts
- 2. Complete formal set of accounts
- 3. Informal records of purchases/sales
- 4. Simplified written accounts
- 5. Other

1.11 How many persons including yourself, worked in your business even for just an hour during the last month of operation:

Total Persons □ □ □ □ Male □ □ □ □ Female □ □ □ □

1.12 How important is copyright in the operations of your organisation?

- 1. Very important
- 2. Important
- 3. Not Important

1.13 In your business do you receive any form of licensing fee? 1. Yes 2. No

Proportion of licensing fee receipts from foreign sources □ □ □ □ %

1.14 In your business do you receive any form of royalties? 1. Yes 2. No

Proportion of royalty fee receipts from foreign sources □ □ □ □ %

1.15 What percentage of turnover is attributable to copyright related activities in your company?

□ □ □ □ %

1.16 Contact email and telephone number:



Questionnaire ID

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2. EMPLOYMENT DETAILS (please provide characteristics of the Employment Categories, which were employed during the last month of your business operations):

2.2. Characteristics of those who worked during the last month your business operated

Full description of occupation / work responsibilities	Total number of workers in occupational category	Male Workers	Femal Workers	Average normal hours worked for the month	Highest Earnings/Salaries/Wage paid / made	Lowest Earnings/Salaries /Wage paid / made
<i>owner's business related role /occupation</i>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
TOTAL WAGES / SALARIES PAID FOR THE MONTH					\$	<input type="text"/>



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Questionnaire ID

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3. PRODUCTION AND SALE (last month of operation)

3.1. What was the total amount of your turnover for the last month of operation? \$ AMOUNT

3.1.1 PRODUCTS SOLD AFTER TRANSFORMATION

Name of the product	Period	Unit	Quantity	Unit price (in EC \$)	Total value for period (EC \$)	Destination
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

MONTHLY TOTAL \$

Period codes: 1-Day 2-Week 3-Fortnight 4-Month 5-Quarter 6-Year
Destination codes: Public sector 2-Large private enterprise 3-Small private enterprise 4-Household/Individual 5-Direct exportation 6-Non market/Own use

3.1.2 PRODUCT SOLD WITHOUT TRANSFORMATION

Name of the product	Origin	Reason for Origin	Quantity	Unit Price (in EC \$)	Total Value for Period (EC \$)	Destination
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

MONTHLY TOTAL \$

Period codes: 1-Day 2-Week 3-Fortnight 4-Month 5-Quarter 6-Year
Destination codes: Public sector 2-Large private enterprise 3-Small private enterprise 4-Household/Individual 5-Direct exportation 6-Non market/Own use
Reason for origin: 1-Product quality 2-Price (relatively lower than other sources) 3-Customer preference 4-Convenience/Availability 5-Other



Questionnaire ID

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3 PRODUCTION AND SALE (last month of operation)

Period codes: 1- Day 2- Week 3- Fortnight 4- Month 5- Quarter 6- Year
Destination codes: 1- Public sector 2- Large private enterprise 3- Small private enterprise 4- Household/individual
5- Direct exportation 6- Non market / Own use

3.1.3 SERVICES OFFERED

Name of the Service	Period	Unit	Quantity	Unit price (in EC \$)	Total value for period (EC \$)	Destination
	□		□□□□	□□□□□□	□□□□□□□□	□
	□		□□□□	□□□□□□	□□□□□□□□	□
	□		□□□□	□□□□□□	□□□□□□□□	□
	□		□□□□	□□□□□□	□□□□□□□□	□
	□		□□□□	□□□□□□	□□□□□□□□	□
	□		□□□□	□□□□□□	□□□□□□□□	□
	□		□□□□	□□□□□□	□□□□□□□□	□
	□		□□□□	□□□□□□	□□□□□□□□	□

MONTHLY TOTAL \$ □□□□□□

3.2 How did your business revenue / activity fluctuate within the past 12 months?

RHYTHM	May 2011	April 2011	March 2011	Feb 2011	Jan 2011	Dec 2010	Nov 2010	Oct 2010	Sept 2010	Aug 2010	July 2010	June 2010
Maximum	□	□	□	□	□	□	□	□	□	□	□	□
Average	□	□	□	□	□	□	□	□	□	□	□	□
Minimum	□	□	□	□	□	□	□	□	□	□	□	□
No production	□	□	□	□	□	□	□	□	□	□	□	□

3.2.1.1 Maximum monthly returns: \$ □□□□□□

3.2.1.2 Minimum monthly returns: \$ □□□□□□

3.3 How many copyright products do you produce? □□

3.4 Have any of your works / products been copied by other persons? 1.Yes 2.No

3.5 What proportion of your product is outsourced? □□□□ %

3.4.1 If yes, did you give any authorization? 1.Yes 2.No

3.6 Do you suspect any copyright violation as a result of outsourcing? 1.Yes 2.No

3.7 Do you distribute products without copyright cover? 1.Yes 2.No



Questionnaire ID

□ □ □

4. Expenditures on Raw Materials and Stocks (last month of operation)

Period codes: 1- Day 2- Week 3- Fortnight 4- Month 5- Quarter 6- Year
Origin codes: 1- Public or para-public sector 2- Big private enterprise 3- Small private enterprise 4- Household/individual 5- Direct importation 6- Own production

Table 4.1: How much did you spend on raw materials used for your business? Columns: Name of the Product, Period, Unit, Quantity, Unit price (in EC \$), Total value for period (EC \$), Origin. Includes a MONTHLY TOTAL row.

Table 4.1.2: For products sold without transformation, how much did you spend to buy your stocks? Columns: Name of the product, Period, Unit, Quantity, Unit price (in EC \$), Total value for period (EC \$), Origin. Includes a MONTHLY TOTAL row.

Period codes: 1- Day 2- Week 3- Fortnight 4- Month 5- Quarter 6- Year
Origin codes: 1- Public sector 2- Big private enterprise 3- Small private enterprise 4- Household/individual 5- Direct importation 6- Own production



Questionnaire ID

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OTHER BUSINESS EXPENSE			
5. What were your other business expenses during the last month of operation?			
Charges	Period	Total Sales Value for the Period (EC \$)	Origin
1. Social insurance/NIC	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
2. Bonuses & allowances	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
3. Copyright fees/Royalties paid to local rights holders	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
4. Copyright fees/Royalties paid to foreign rights holders	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
5. Patent licensing fees paid to local rights holders	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
6. Patent licensing fees paid to foreign rights holders	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
7. Franchise/Trade Mark licensing fees paid to local rights holders	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
8. Franchise/Trade Mark licensing fees paid to foreign rights holders	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
9. Membership fees (including fees paid to ECCO and the like)	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
10. Books, newspapers and other literature	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
11. Fuel, gasoline & lubricants	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
12. Water	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
13. Electricity	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
14. Transportation, including vehicle insurance	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
15. Post, communication, internet	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
16. Rental of premises	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
17. Rental of equipment	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
18. Spare parts (for equipment)	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
19. Repair & maintenance of building/facilities	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
20. Repair & maintenance of equipment	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
21. Advertising and marketing	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
22. Insurance (except vehicle)	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
23. Other services	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
24. Paid interest	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
25. Taxes	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
26. Other charges (specify)	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>
		MONTHLY TOTAL	<input type="text"/>

Period code : 1- Day 2- Week 3- Fortnight 4- Month 5- Quarter 6- Year
Origin codes: 1- Public sector 2- Big private enterprise 3- Small private enterprise
 4- Household/individual 5- Direct importation 6- Non Market / Own use



Questionnaire ID

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6. EQUIPMENT, INVESTMENT, FINANCING AND DEBT

6.1 Provide details on the following assets acquired or sold in your business over the last 12 months:

TYPE	Characteristics (Short Description)	Mode of Acquisition/Sale	Ownership	Date of acquisition/sale/loss (month / year)	Present/Sale Value (replacement cost) EC \$				
1	Land	A)							
		B)							
		O)							
2	Buildings, structures	A)							
		B)							
		O)							
3	Other construction	A)							
		B)							
		O)							
4	Equipment & machinery	A)							
		B)							
		O)							
5	Transport equipment (including motor vehicles etc.)	A)							
		B)							
		O)							
6	Office furniture & equipment (computers etc)	A)							
		B)							
		O)							
7	Copyrighted assets (like computer software applications, etc)	A)							
		B)							
		O)							
8	other assets (including skills development education and training)	A)							
		B)							
		O)							

Mode of acquisition/disposal codes: 1- Bought new 2- Bought used 3- Made major improvements
4- Own-produced 5- Sold 6- Loss

Ownership codes: 1- Personal property 2- Rent 3- Lease 4- Share property



Questionnaire ID

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6. EQUIPMENTS, INVESTMENT, FINANCING AND DEBT - Continued

6.2 How were your investments, in capital, mostly financed?

- a. Retained earnings %
- b. Credit or loans %
- c. Other specify _____ %

6.3 Within the past 12 months, did you borrow money for use in your business operations? 1.Yes 2.No

6.4 If YES to 6.3, how many loans did you take out?

	Amount of Loan EC\$	Amount Payable EC\$	Origin	Use	Contract	Repayment	Maturity (months)	Difficulty
Main Loan	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
All Loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

- 1. **Origin Code** : 1-Family or friends 2-Customers 3-Suppliers 4-Usurers (money lender) 5-Producers' Association 6-Bank/ credit unions 7-Micro-financing institution 8-Other
- 2. **Use of loan code**: 1-Purchase of raw materials 2-Improvement of premises 3-Acquisition/maintenance of equipments 4-Payment of salary 5-Training of manpower 6-Repayment of previous debts 7-Expansion of the activity 8-Other
- 3. **Type of contract code**: 1-Legally recognised agreement 2-Simple written agreement 3-Verbal agreement 4-No contract
- 4. **Mode of repayment code**: 1-In cash 2-Goods or services (in kind) 3-Other
- 5. **Maturity code**: Total duration of the credit in months (code as 99 if 99 months and above)
- 6. **Difficulty code**: 1-Bad business period 2-Interest rate too high 3-Maturity period too short 4-Without difficulty 5- Other

7. Broadcasting Related Questions (for Broadcasters Only)

7.1 What is the coverage of your broadcast? a) Number of islands: b) Number of regions:

7.2 Do you broadcast over the Internet? 1.Yes 2.No

7.3 To what extent do you use copyright products in your broadcasting? State %

7.4 Do you pay royalty for use of these copyright-protected products? 1.Yes 2.No

7.5 What proportion of your broadcast uses local copyright-protected products? State %

7.6 Do you pay royalties for copyright- protected work, which is used in your broadcast? 1.Yes 2.No

7.7 If no to Q.7.6, what is/are the reasons? (please specify)

7.8 What proportion of your turnover/sales is derived from the licensing of your programming to other broadcast stations? State %

8. ANY OTHER COMMENTS:

Annex 3: The Survey Methodology

The Search for a Frame

Based on prior research and professional opinion asserting a substantial degree of informality intrinsic to creative industries and the wider copyright sector, the Central Statistics Office (CSO) of Saint Lucia acknowledged that any quest to obtain a valid measure of that sector's economic contribution would essentially necessitate a household-based, rather than an establishment-based, survey exercise. This conclusion finds congruence with the accepted notion that a vast majority of domestic copyright-based establishments assume the character of Household Unincorporated Establishments which engage in Market production (otherwise known as HUEMs). Therefore, the existing in-house Business Register that is commonly used as the master sample frame for industry-related surveys, and which comprises relatively more formal corporate enterprises, was viewed as failing to provide a sufficient listing of all domestically operated copyright-based establishments. Consequently, the then recently concluded 2010 Population and Housing Census was identified as more suitable to the construction of an appropriate frame for the survey of copyright-based businesses.

The 2010 Population and Housing Census provided preliminary population estimates of local dwelling units, households and non-institutionalized residents. Moreover (and more critical to the copyright-based survey), the census results offered the unique opportunity to directly identify the owners of both formal and informal copyright-based enterprises, through the incremental filtering of selected responses. Specifically, this filtering involved the analysis of the answers to the following six (6) questions, which were included on the individual component of the census questionnaire and which were particularly directed to all employed residents:

1. What category of worker are you in your main job?
2. What kind of accounts do you keep for this activity/business?
3. Are you registered with the National Insurance Corporation as a self-employed person or an employer?
4. What kind of work were you doing during the past week?
5. What kind of business is carried out at your workplace?
6. Where is your place of work (main job)?

Question 1, above, established a population count of all business owners on the island. These business owners were identified as self-employed individuals, with or without paid employees. The following questions, 2 and 3, in addition to question 6 above, sought to give more definition to the identified owners (and their establishments), regarding their level of formality. Formality was primarily defined in 2 ways. The first, which is encapsulated in questions 2 and 6, upholds the standard SNA definition of an HUEM by identifying the type of financial records kept (if any) and establishing whether or not the operations of the business owner are indeed household-based. The second, which is embodied in question 3, finds coherence with the ILO-supported criteria for defining an informal establishment, in terms of whether the business owner is registered. Question 4 gives the occupation of the business owner. Examples of some copyright-related occupations include musicians, graphic artists, seamstresses, fashion designers, etc. Question 5 relates to the industrial activity that the business owner is engaged in. The existing WIPO classification of copyright-related industrial activities was used to identify and list all business owners who were employed in the copyright sector, thus formulating a master sample frame for the survey of copyright-based business enterprises.

Elements of the frame

The frame for the copyright survey, which evolved from the results of the 2010 Population and Housing Census, did not mirror a traditional register of business enterprises, in several important ways. For example, critical information that specifically relates to the business enterprise (which would facilitate common sampling procedures such as stratification and PPS sample selection), was missing from the frame. Enterprise-related variables like the number of employees and the value of business sales are both examples of the important

information that is missing from the copyright frame, since the frame emanated from a census of households and not enterprises. However, the household census-based frame sufficiently surpassed its shortcomings by offering the unique prospect of including an extensive range of variables concerning the education, income level and living standard of all resident owners of copyright-based enterprises.

Additionally, the frame could be used, in conjunction with census visitation records and corresponding spatial data, to effectively and efficiently identify the exact geographic location of the ultimate sampling unit, which is the copyright-based establishment represented by its owner (or one of its owners). This last bracketed statement highlights the clear possibility of 'double-counting', by including a copyright-based establishment, which is owned by more than one person, multiple times in the master sample frame. Nonetheless, special attention was paid to limiting the probability of such occurrences by referring to the answers to question 81 on the individual census questionnaire, which requests the specific name and address of the respondent's current workplace. In any instance where two self-employed persons provided the same name and address for their current place of work, the additional 'owner' was promptly deleted from the copyright frame. Despite this 'cleansing' effort, some duplicates would remain to be uncovered by the ensuing field exercise.

Sample vs Census

The likelihood of conducting a census, as opposed to the planned sample survey, of copyright-based establishments was brought to the fore, given the expressed limitations of the derived sample frame. As earlier mentioned, the absence of variables that relate to the scale of business operations, including the number of employees and the sales value, was viewed as severely compromising the capacity of the frame to furnish a valid probability sample, which would adequately represent the full scale of small, medium and large establishments that were involved in domestic copyright-based activity. Several arguments emerged in support of conducting a complete enumeration of all the copyright-based establishments, which were identified by the results of the 2010 Population and Housing Census. Some of the main arguments included: 1) the elimination of all sampling error from the total survey error; 2) the opportunity to develop an improved frame of copyright establishments, with all the necessary variables required for drawing representative samples in the future; and 3) the CSO possessed the capacity, in terms of experience and technical proficiency, to implement a full census.

However, the primary consideration, which influenced the final decision to pursue a complete enumeration exercise, was the very small population count of only 441 copyright establishments that comprised the frame. Notwithstanding the possibility of duplicates and other errors in the preliminary census estimates, this number of all copyright-based establishments represents a little over 3% of the 14,465 self-employed (or own-account) workers who reside on the island. Therefore, a census of the whole population of 441 copyright-based establishments replaced the initially-conceptualized sample survey. This replacement remained well within the budgetary and other resource parameters, whilst simultaneously securing the promise of a relatively higher degree of statistical confidence in the survey's results, by increasing the possible number of responses and augmenting the degree of detail.

Probability Sampling Design

The St. Lucia survey employed a probability sampling design. This meant that every case interviewed to obtain copyright-related information had a known and non-zero chance of being selected into the survey sample. Specifically, to obtain details of the extent of production and use of copyright-based output, a multistage cluster sample of 400 micro establishments, including those operating as household firms (based at home), was drawn from the sampling regions of St. Lucia. The sampling frame was the 2010 Census, and so covered all of the eligible population in St. Lucia. The sample size of 400 was governed partly by budgetary considerations, but was sufficient to allow for non-response, which could exist in the form of refusal to participate, vacancies and business closures, and the like.

The sample was drawn to complement the standard establishment survey, which normally covers firms with more than 9 employees. Stratification in St. Lucia is normally based on geographical location, which has been found over the years to be related to income and other socio-economic outcomes of interest in this study. It could be expected that this factor would also influence the share of copyright-based activity by operators in

the various industries of St. Lucia. There are 12 primary sampling areas, from each of which sampling was done separately.

In the first sampling stage, a sample of enumeration districts (EDs) was drawn in each sampling area. In the second stage, from the sampled EDs, a sample of households was drawn. Sampling was done to ensure probability proportional to size. Because the sampling frame was the St. Lucia Census of 2010, the members of the selected households were known, along with their involvement in economic activity. Those members involved in business activities were identified and interviewed to determine the extent of production and use of copyright in their business activities.

The questionnaire used to solicit data is attached as **Annex 2** above. The questionnaire bears the WIPO logo as a way to stimulate response, and for that reason was reviewed and approved by WIPO's team in Geneva before finalization and fielding. The questionnaire was fielded by the CSO's normal interviewing team. To ensure its adequate understanding of the data requirements in the questionnaire, the team was trained for one day by the professional staff at the CSO, in collaboration with the WIPO International Consultant.

Sample Characteristics

Of the 400 cases approached, 272 cases responded, giving a general response rate of 68%. Further, 258 cases were useful, resulting in an overall effective response rate of 65%. The data provided allows a summary picture of the foundations on which the copyright sector rests in St. Lucia and the OECS. Here, we report mainly on: (i) the entrepreneurial characteristics of the respondents, (ii) the representation of industries with particular regard to the copyright-based sectors.

Table A3.1: Distribution of Respondents by Sampling District

Sampling district	Freq.	Per cent	Cum.
Castries City	7	2.58	2.58
Castries Suburban	65	23.99	26.57
Castries Rural	53	19.56	46.13
Anse La-Raye	7	2.58	48.71
Canaries	4	1.48	50.18
Soufriere	16	5.9	56.09
Choiseul	8	2.95	59.04
Laborie	7	2.58	61.62
Vieux Fort	20	7.38	69
Micoud	11	4.06	73.06
Dennery	15	5.54	78.6
Gros Islet	58	21.4	100
Total	271	100	

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.2: Respondent relationship to owner of businesses by education of respondent

Relationship	Education					Total
	None	Primary	Secondary	Tertiary	Missing	
Owner	1	72	78	62	12	225
	0.44	32	34.67	27.56	5.33	100
Partner	0	6	3	5	1	15
	0	40	20	33.33	6.67	100
Employee	0	2	1	5	0	8
	0	25	12.5	62.5	0	100
Associate/member	0	2	1	1	0	4
	0	50	25	25	0	100
Family/friend	0	0	4	3	0	7
	0	0	57.14	42.86	0	100
Other	0	0	1	0	1	2
	0	0	50	0	50	100
Not stated	0	0	1	0	0	1
	0	0	100	0	0	100
Non-response	0	2	4	1	3	10
	0	20	40	10	30	100
Total	1	84	93	77	17	272
	0.37	30.88	34.19	28.31	6.25	100

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.3: Sex of respondent by industry

Industry	Sex			Total
	Male	Female	Not stated	
Agriculture, forestry & fishing	4	1	0	5
%	80	20	0	100
Manufacture of food	2	3	0	5
%	40	60	0	100
Manufacture of textiles, garments	4	9	0	13
%	30.77	69.23	0	100
Manufacture of wood/related, except furniture	4	8	0	12
%	33.33	66.67	0	100
Manufacture of paper/related	1	0	1	2
%	50	0	50	100
Printing & reproduction of books, etc.	8	1	0	9
%	88.89	11.11	0	100
Manufacture of chemicals/non-met	2	5	0	7
%	28.57	71.43	0	100
Manufacture of glass and glass products	1	0	0	1
%	100	0	0	100
Manufacture of furniture	5	0	0	5
%	100	0	0	100

Table A3.3: Sex of respondent by industry (continued)

Manufacture of jewelry etc.	4	0	0	4
%	100	0	0	100
Musical instruments	1	0	0	1
%	100	0	0	100
Other manufacturing	2	2	0	4
%	50	50	0	100
Building, repair, mai	8	0	0	8
%	100	0	0	100
Wholesale food	0	1	0	1
%	0	100	0	100
Computers and software	3	1	0	4
%	75	25	0	100
Retail food and cloth	4	2	0	6
%	66.67	33.33	0	100
Retail sale of music	1	0	0	1
%	100	0	0	100
Retail sale other goods	3	5	1	9
%	33.33	55.56	11.11	100
Transport	2	1	0	3
%	66.67	33.33	0	100
Hotel and restaurants	2	6	1	9
%	22.22	66.67	11.11	100
Motion picture, video	2	1	0	3
%	66.67	33.33	0	100
Sounding recording	4	0	0	4
%	100	0	0	100
Radio and TV broadcasts	2	1	0	3
%	66.67	33.33	0	100
Computer programming	7	0	0	7
%	100	0	0	100
Insurance, real estate	23	2	0	25
%	92	8	0	100
Accounting	0	1	0	1
%	0	100	0	100
Design activities	2	2	0	4
%	50	50	0	100
Photographic activity	8	2	0	10
%	80	20	0	100
Photocopying	1	0	0	1
%	100	0	0	100
Education	1	1	0	2
%	50	50	0	100
Creative arts and entertainment	47	2	1	50
%	94	4	2	100
Repair of household goods	5	3	0	8
%	62.5	37.5	0	100

Table A3.3: Sex of respondent by industry (continued)

n.e.c	32	12	1	45
%	71.11	26.67	2.22	100
Total	195	72	5	272
%	71.69	26.47	1.84	100

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.4: Industrial profile of sample

Industry	Freq.	Per cent	Cum.
Agriculture, forestry & fishing	5	1.84	1.84
Manufacture of food	5	1.84	3.68
Manufacture of textiles, garments, footwear	13	4.78	8.46
Manufacture of wood and related, excluding furniture	12	4.41	12.87
Manufacture of paper and related	2	0.74	13.6
Printing & reproduction of recorded media	9	3.31	16.91
Manufacture of chemicals/non-metallic / metallic, etc.	7	2.57	19.49
Manufacture of glass and glass products	1	0.37	19.85
Manufacture of furniture	5	1.84	21.69
Manufacture of jewelry, etc.	4	1.47	23.16
Manufacture of musical instruments	1	0.37	23.53
Other manufacturing	4	1.47	25
Building, repair, maintenance	8	2.94	27.94
Wholesale of food	1	0.37	28.31
Computers and software	4	1.47	29.78
Retail sale of food and clothing	6	2.21	31.99
Retail sale of music	1	0.37	32.35
Retail sale other goods	9	3.31	35.66
Transport	3	1.1	36.76
Hotel and restaurants	9	3.31	40.07
Motion picture, video etc.	3	1.1	41.18
Sound recording	4	1.47	42.65
Radio and TV broadcasting	3	1.1	43.75
Computer programming	7	2.57	46.32
Insurance real estate, etc.	25	9.19	55.51
Accounting	1	0.37	55.88
Design activities	4	1.47	57.35
Photographic activity	10	3.68	61.03
Photocopying	1	0.37	61.4
Education	2	0.74	62.13
Creative arts and entertainment	50	18.38	80.51
Repair of household goods	8	2.94	83.46
Activities n.e.c	45	16.54	100
Total	272	100	

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.5: Characteristic premises of the sample

Type of Premises	Freq.	Percent	Cum.
Fixed business premises	154	56.62	56.62
Within a household without a separate space	36	13.24	69.85
Within a household with a separate space	40	14.71	84.56
On the side walk, street, beach or public	10	3.68	88.24
Roaming musician/vendor etc.	16	5.88	94.12
In taxi/bus, other vehicle	2	0.74	94.85
Other	14	5.15	100
Total	272	100	

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.6: Education of respondent by industry

Industry	Education					Total
	None	Primary	Secondary	Tertiary	Missing	
Agriculture, forestry & fishing	1	4	0	0	0	5
Row %	20	80	0	0	0	100
Manufacture of food	0	0	1	3	1	5
Row %	0	0	20	60	20	100
Manufacture of textiles, garments	0	6	6	1	0	13
Row %	0	46.15	46.15	7.69	0	100
Manufacture of textiles, garments of wood/ related, except furniture	0	9	2	1	0	12
Row %	0	75	16.67	8.33	0	100
Manufacture of paper/related	0	1	0	1	0	2
Row %	0	50	0	50	0	100
Printing & reproduction of	0	3	4	1	1	9
Row %	0	33.33	44.44	11.11	11.11	100
Manufacture of chemicals/non-met	0	5	2	0	0	7
Row %	0	71.43	28.57	0	0	100
Manufacture of glass and glass-related	0	1	0	0	0	1
Row %	0	100	0	0	0	100
Manufacture of furniture	0	1	2	2	0	5
Row %	0	20	40	40	0	100
Manufacture of jewelry etc.	0	3	1	0	0	4
Row %	0	75	25	0	0	100
Manufacture of musical instruments	0	1	0	0	0	1
Row %	0	100	0	0	0	100
Other manufacturing	0	2	2	0	0	4
Row %	0	50	50	0	0	100
Building, repair, maintenance	0	4	2	2	0	8
Row %	0	50	25	25	0	100

Table A3.6: Education of respondent by industry (continued)

Wholesale food	0	0	1	0	0	1
Row %	0	0	100	0	0	100
Computers and software	0	0	2	2	0	4
Row %	0	0	50	50	0	100
Retail food and cloth	0	1	4	1	0	6
Row %	0	16.67	66.67	16.67	0	100
Retail sale of music	0	0	0	0	1	1
Row %	0	0	0	0	100	100
Retail sale other goods	0	3	4	2	0	9
Row %	0	33.33	44.44	22.22	0	100
Transport	0	1	0	1	1	3
Row %	0	33.33	0	33.33	33.33	100
Hotel and restaurants	0	3	4	2	0	9
Row %	0	33.33	44.44	22.22	0	100
Motion picture, video	0	1	2	0	0	3
Row %	0	33.33	66.67	0	0	100
Sounding recording	0	0	2	2	0	4
Row %	0	0	50	50	0	100
Radio and TV broadcast	0	0	1	1	1	3
Row %	0	0	33.33	33.33	33.33	100
Computer programming	0	0	1	6	0	7
Row %	0	0	14.29	85.71	0	100
Insurance real estate	0	0	5	17	3	25
Row %	0	0	20	68	12	100
Accounting	0	0	1	0	0	1
Row %	0	0	100	0	0	100
Design activities	0	0	3	1	0	4
Row %	0	0	75	25	0	100
Photographic activity	0	2	6	2	0	10
Row %	0	20	60	20	0	100
Photocopying	0	0	1	0	0	1
Row %	0	0	100	0	0	100
Education	0	0	0	2	0	2
Row %	0	0	0	100	0	100
Creative arts and entertainment	0	18	16	12	4	50
Row %	0	36	32	24	8	100
Repair of household goods	0	4	2	2	0	8
Row %	0	50	25	25	0	100
n.e.c	0	11	16	13	5	45
Row %	0	24.44	35.56	28.89	11.11	100
Total	1	84	93	77	17	272
Percentage	0.37	30.88	34.19	28.31	6.25	100

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.7: Receipt of License Fees by Industry

Industry	Receipt of License Fees		
	Yes	No	Total
Agriculture, forestry & fisheries	0	5	5
Manufacture of food	0	5	5
Manufacture of textiles, garments	0	13	13
Manufacture of wood/related, e	0	12	12
Manufacture of paper/related	0	2	2
Printing & reproduction of newspapers, etc.	0	9	9
Manufacture of chemicals/non-met	0	7	7
Manufacture of glass and glassware	0	1	1
Manufacture of furniture	0	5	5
Manufacture of jewelry, etc.	0	3	3
Musical instruments	0	1	1
Other manufacturing	0	3	3
Building, repair, maintenance	0	8	8
Wholesale food	0	1	1
Computers and Software	0	4	4
Retail food and cloth	1	5	6
Retail sale of music	0	1	1
Retail sale other goods	0	9	9
Transport	0	3	3
Hotels and restaurants	0	9	9
Motion picture, video	0	3	3
Sounding recording	1	3	4
Radio and TV broadcasting	1	1	2
Computer programming	1	6	7
Insurance real estate	1	24	25
Accounting	0	1	1
Design activities	0	4	4
Photographic activity	0	10	10
Photocopying	0	1	1
Education	0	2	2
Creative arts and entertainment	4	45	49
Repair of household goods	0	8	8
Activity n.e.c	2	39	41
Costume jewelry	0	1	1
Total	11	254	265

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.8: Receipt of Royalties by Industry

Industry	Receipt of Royalties		
	Yes	No	Total
Agric,forestry & fish	0	5	5
Manufacture of food	0	5	5
Mfg textiles,garments	0	11	11
Mfg of wood/related,e	0	12	12
Mfg of paper/related	0	2	2
Printing & reprod of	0	9	9
Mfg chemicals/non-met	0	7	7
Mfg of glass and glas	0	1	1
Mfg of furniture	0	5	5
Mfg of jewelry etc	0	3	3
Musical instruments	0	1	1
Other mfg	0	4	4
Building, repair, mai	0	8	8
Wholesale food	0	1	1
Computers and software	0	4	4
Retail food and cloth	0	6	6
Retail sale of music	0	1	1
Retail sale other goo	0	9	9
Transport	0	3	3
Hotel and restaurants	0	9	9
Motion picture video	0	3	3
Sounding recording	3	1	4
Radio and TV broadcast	1	2	3
Computer programming	1	6	7
Insurance real estate	1	24	25
Accounting	0	1	1
Design activities	1	3	4
Photographic activity	0	10	10
Photocopying	0	1	1
Education	0	2	2
Creative arts and entertainment	9	40	49
Repair of household goods	1	7	8
n.e.c	1	39	40
Costume jewelry	0	1	1
Total	18	246	264

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.9: Extent of reliance on retained earnings by responding firms

Percentage financing	Number of firms	% of firms	Cumulative % of firms
0	3	3.75	3.75
1	1	1.25	5
5	3	3.75	8.75
10	4	5	13.75
11	1	1.25	15
27	1	1.25	16.25
30	2	2.5	18.75
40	2	2.5	21.25
50	5	6.25	27.5
55	1	1.25	28.75
70	1	1.25	30
75	1	1.25	31.25
78	1	1.25	32.5
80	5	6.25	38.75
90	3	3.75	42.5
95	1	1.25	43.75
100	45	56.25	100
Total	80	100	

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.10: Extent of reliance on loan financing of capital accumulation

Percentage of loan financing	Number of firms	% of firms	Cumulative % of firms
0	7	22.58	22.58
5	1	3.23	25.81
22	1	3.23	29.03
45	1	3.23	32.26
50	5	16.13	48.39
60	2	6.45	54.84
70	1	3.23	58.06
90	1	3.23	61.29
95	1	3.23	64.52
100	11	35.48	100
Total	31	100	

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.11: General reliance on credit by firms

Borrowed in Last Year	Number	Per cent	Cumulative Per cent.
Yes	27	11.84	11.84
No	201	88.16	100
Total	228	100	

Source: CSO Sample of small establishments involved in copyright, 2011

Table A3.12: Extent of distribution of products without copyright cover, by Industry

Industry	Extent of Distribution		
	Yes	No	Total
Agriculture, forestry & fisheries	1	2	3
%	33.33	66.67	100
Manufacture of food	2	3	5
%	40	60	100
Manufacture of textiles, garments	2	7	9
%	22.22	77.78	100
Manufacture of wood/related, except furniture	7	2	9
%	77.78	22.22	100
Manufacture of paper/related	0	2	2
%	0	100	100
Printing & reproduction of books	2	3	5
%	40	60	100
Manufacture of chemicals/non-met	3	3	6
%	50	50	100
Manufacture of glass and glass products	0	1	1
%	0	100	100
Manufacture of furniture	1	2	3
%	33.33	66.67	100
Manufacture of jewelry etc.	3	0	3
%	100	0	100
Manufacture of musical instruments	0	1	1
%	0	100	100
Other manufacturing	0	3	3
%	0	100	100
Building, repair, maintenance	0	6	6
%	0	100	100
Wholesale food	0	1	1
%	0	100	100
Computers and software	0	4	4
%	0	100	100
Retail food and cloth	0	2	2
%	0	100	100
Retail sale other goods	1	6	7
%	14.29	85.71	100
Transport	0	3	3
%	0	100	100
Hotels and restaurants	0	6	6
%	0	100	100
Motion picture, video	0	2	2
%	0	100	100

Table A3.12: Extent of distribution of products without copyright cover, by Industry (continued)

Sounding recording	0	4	4
%	0	100	100
Radio and TV broadcast	0	2	2
%	0	100	100
Computer programming	2	2	4
%	50	50	100
Insurance real estate	0	13	13
%	0	100	100
Accounting	0	1	1
%	0	100	100
Design activities	1	1	2
%	50	50	100
Photographic activity	1	8	9
%	11.11	88.89	100
Photocopying	0	1	1
%	0	100	100
Education	0	2	2
%	0	100	100
Creative arts and entertainment	8	37	45
%	17.78	82.22	100
Repair of household goods	2	5	7
%	28.57	71.43	100
Activities n.e.c	8	30	38
%	21.05	78.95	100
Costume jewelry	0	1	1
%	0	100	100
Total	44	166	210
%	20.95	79.05	100

Source: CSO Sample of small establishments involved in copyright, 2011

The Economic Contribution of the Copyright-Based Industries in Serbia

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FOUNDATION FOR THE ADVANCEMENT OF ECONOMICS

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Abbreviations

CBIs	Copyright-based industries
CMOs	Collective management organizations
CPA	Classification of products by activity
EC	European Community
EU	European Union
EUR	Euro
FTU	Full-time units (for employment)
GDP	Gross domestic product
GVA	Gross value added
ICI	Interdependent copyright industries
JKD	Serbian Classification of Economic Activities
NACE	Statistical Classification of Economic Activities in the European Community
NBS	National Bank of Serbia
NDSI	Non-dedicated support industries
OECD	Organization for Economic Co-operation and Development
OFA	Serbian Organization of Photographers – Authors
OFPS	Serbian Phonograms Producers' Organization
PCI	Partial copyright industries
PI	Serbian Organization for Collective Management of Performers' Rights
RSD	Republic of Serbia Dinar (Serbian national currency)
SOKOJ	Serbian Music Authors' Organization
SORS	Statistical Office of the Republic of Serbia
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
VAT	Value Added Tax
WIPO	World Intellectual Property Organization
WCT	WIPO Copyright Treaty
WPPT	WIPO Performances and Phonograms Treaty

Executive Summary

The study was initiated by the Serbian Intellectual Property Office and financially supported by the World Intellectual Property Organization (WIPO). It was conducted between June 2013 and April 2014. The study makes use of data from 2008 to 2012 and is the first one conducted in Serbia, in accordance with WIPO's methodology, which was developed to determine the economic contribution of the copyright-based industries with the aim of making national studies in this area as comparable as possible.¹ The methodology developed by WIPO outlines four groups of copyright-based industries – core, interdependent, partial, and non-dedicated support industries, identified on the basis of their level of dependence on copyright. It also establishes a set of major indicators – contribution to gross domestic product (GDP) and gross value added (GVA), employment, and foreign trade, and lays out research standards and approaches. The WIPO guidelines were developed on the basis of the best international practices reviewed by an expert group of renowned economists. So far, the guidelines have been implemented in over 40 countries around the world.

Copyright Law in Serbia

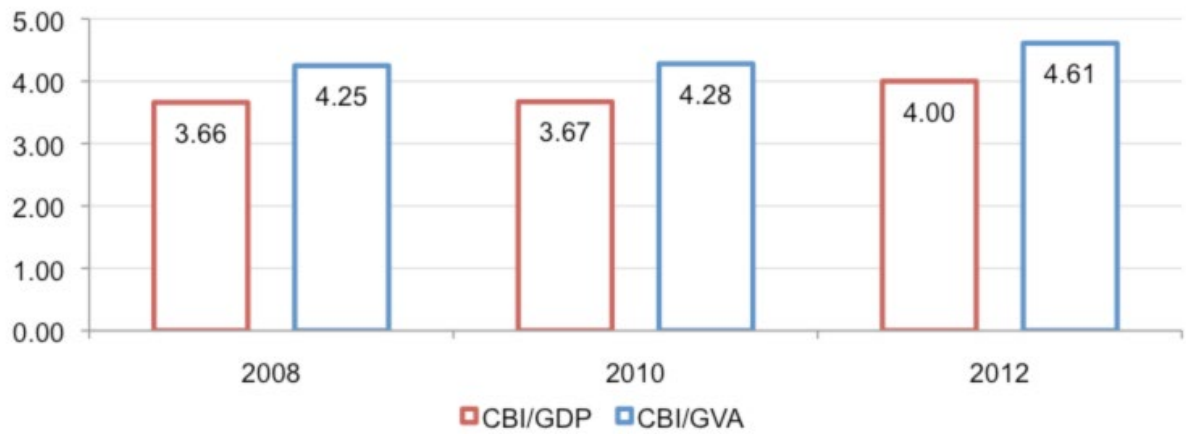
The regulation of copyright and related rights in Serbia is well developed. The main legislative source of copyright in Serbia is the Copyright and Related Rights Act, adopted in 2009, amended in 2011 and 2012. The Copyright and Related Rights Act has generally been harmonized with all international treaties, conventions and agreements that regulate the area of copyright and related rights, as well as with all EU directives concerning copyright and related rights, which were enacted prior to its adoption. Other sources of copyright law in Serbia (e.g. the Act on Special Competencies for Efficient Protection of Intellectual Property Rights) are also generally harmonized with international and EU copyright rules. In the Serbian legal system, protection of copyright and related rights from infringement may be claimed within civil, criminal and administrative proceedings. As a rule, the proceedings are initiated by the owners of copyright and related rights. However, certain proceedings (e.g. criminal proceedings for the most serious criminal offenses) are initiated *ex officio*.

Economic Contribution

The copyright-based industries were analyzed in terms of their value added, employment, and foreign trade contributions to the Serbian economy. The study reveals that the Serbian copyright and related rights industries made up between 3.66% and 4.00% of the country's GDP over the period of 2008–2012. A detailed statistical analysis of the value added of copyright-related economic activities shows that the Serbian copyright industry comprised between 4.25% and 4.61% of the gross value added over the same period. The difference between these two measures is explained by the fact that gross value added does not include net taxes on products. Both net taxes and VAT cannot be reliably attributed to economic activities; thus, the share of the copyright industry is smaller in terms of GDP than in terms of GVA. The following figure shows that both measures are moving in parallel and differences are of the same scale each year.

¹ It should be noted that the objective of the study was neither to measure the extent of copyright infringement or piracy, nor to measure the impact of copyright on GDP or GVA. Instead the main tasks were: a) to identify industries that are copyright-based according to WIPO; and b) to measure their output, value added, employment, and foreign trade. The core of the study is based on official statistical data, but supplementary sources, including interviews with representatives of copyright-based industries, were also used.

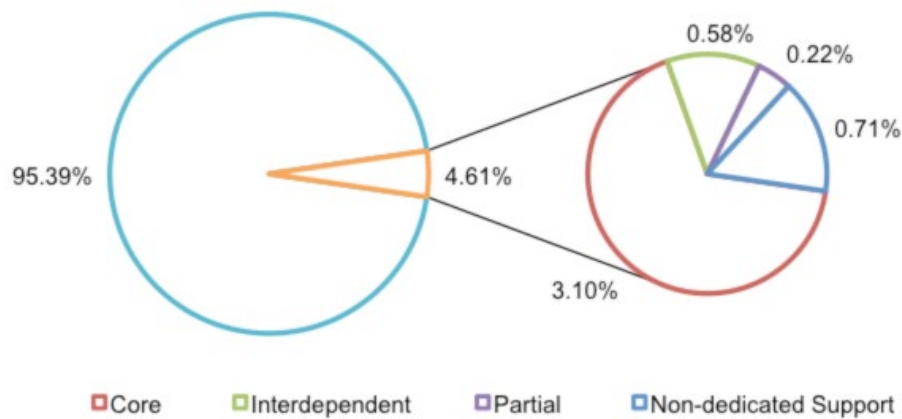
Copyright-based industries' contribution to GDP and GVA, %



Source: Authors' calculation

The copyright-based industries are categorized into four segments: core, interdependent and partial copyright industries and non-dedicated support industries. The core copyright industry has the dominant share, with more than half of the value added created in the copyright industry in 2012. While the core copyright industry contributed 3.10% of GVA, the interdependent copyright industry made up 0.58%, and the partial copyright industry created 0.22% of the value added in the economy. Finally, the part of the economy which serves the copyright industries, and which is traditionally classified as the non-dedicated support industries, comprised 0.71% of the value added. The structure of the economic contribution to the Serbian economy (GVA) is presented in the following figure.

Copyright-based industries' contribution to GVA, %



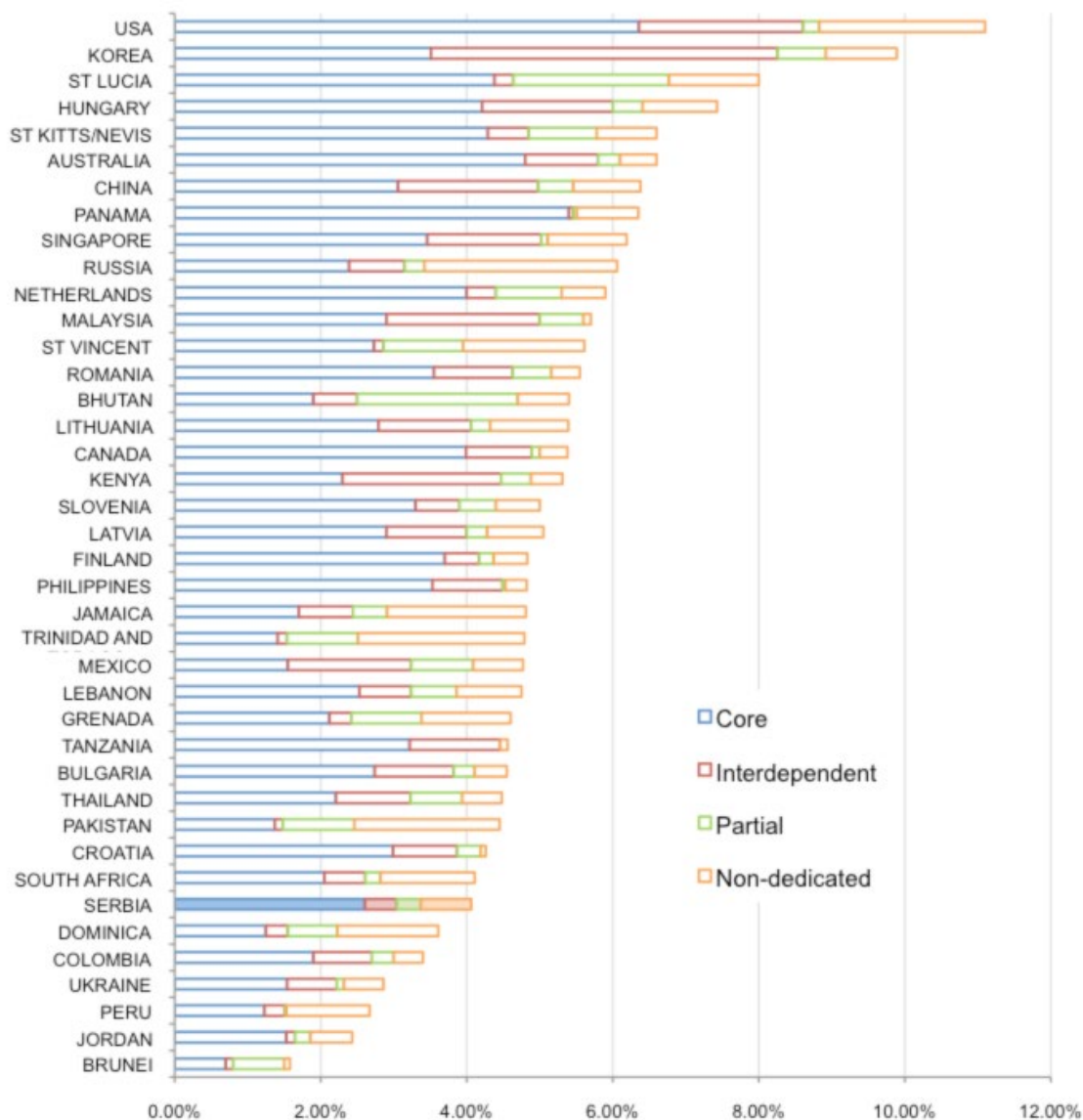
Source: Authors' calculation

The largest copyright-based industry throughout the period was press and literature, with a little less than 1% contribution to the economy at the end of the period. The rapidly growing software and databases industry, classified as a core copyright activity, has quickly been catching up.

The findings presented in the figure above allow for the mapping of the Serbian copyright industries' position in the global picture by comparing the importance of the copyright industry in other countries which have conducted similar statistical research. Serbia is somewhat below the median and takes only 34th position in the group of 40 countries. Nevertheless, in terms of the contribution of the core copyright industries, Serbia, with a 3.10% contribution, ranks 23rd. This is close to the average for other countries in which WIPO-sponsored studies were conducted, as more than half of the total contribution of the copyright industries to GDP comes from the core copyright industries. The Serbian copyright industry share is also smaller than the

corresponding share in neighboring Croatia, Romania and Bulgaria. International comparison reveals that Serbia has a significant potential to increase the share of CBI, and move toward a more advanced stage of the copyright economy.

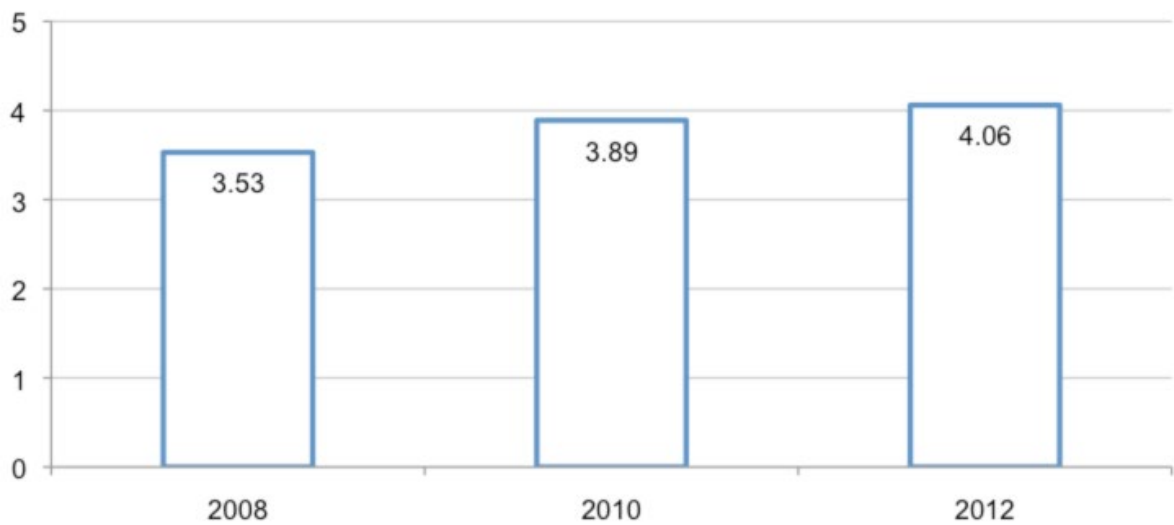
Contribution of copyright industries to GDP, %



Source: WIPO and authors' calculation

The analysis of employment shows that the copyright-based industries generated somewhat less employment than value added. In 2012, employment in the Serbian copyright industries comprised 4.06% of the total employment.

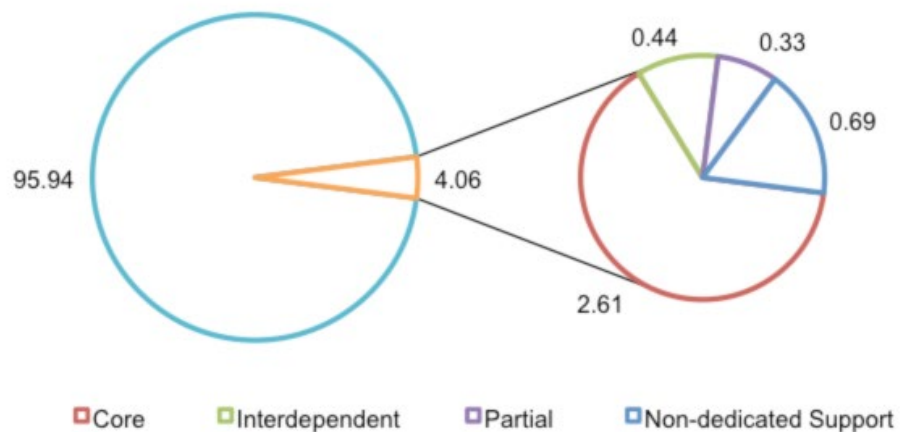
CBIs as % of total employment 2008-2012



Source: Authors' calculation

More than half of the employment, 2.61%, was generated by the core copyright industry. The interdependent copyright industry made up 0.44%, while the partial copyright industry created 0.33% of the overall employment. Finally, the non-dedicated support industries comprised 0.69% of the total employment. The employment structure with regard to the Serbian copyright industry is shown in the figure below. The difference between the total and the core CBIs' share in the total employment reveals the relatively weak contribution of non-core CBIs in Serbia.

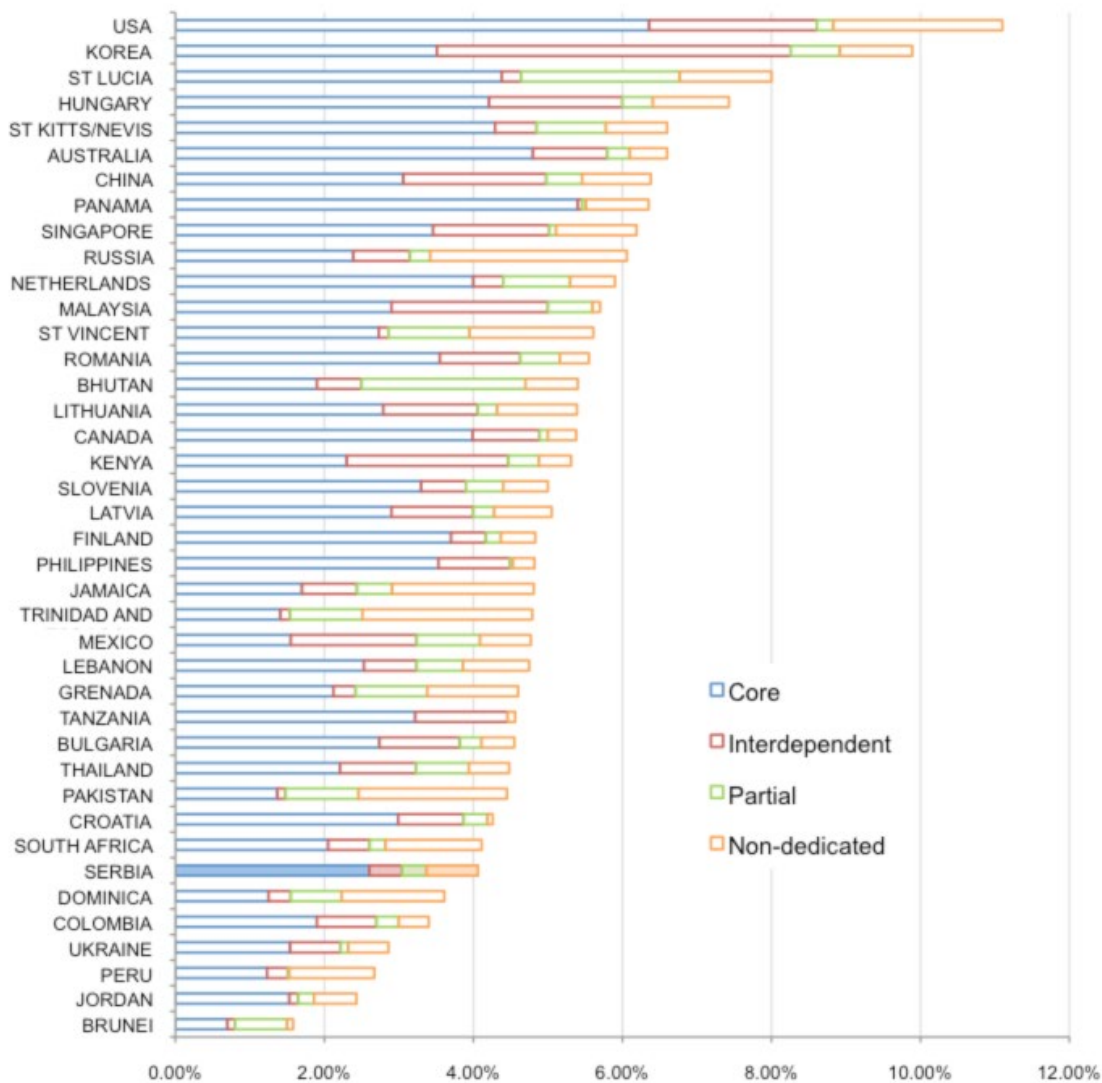
Employment by copyright industries in Serbia in 2012, %



Source: Authors' calculation

A steady decrease in the number of people employed in the copyright-based industries was registered for the period of 2008-2012. Serbian CBIs lost 9,253 jobs. However, the contribution of CBIs to employment increased from 3.53% in 2008 to 4.06% in 2012, with the highest relative increase recorded by the core industries (increase from 2.17% to 2.61%). Thus, CBIs were somewhat less affected by the crisis than the overall economy. This is consistent with the fact that in most countries, total CBIs and core CBIs are dynamic sectors of the economy, so their share in the total employment shows an upward trend. Structurally, the copyright-based industries sector employment in Serbia is similar to those of Hungary, Latvia and Slovenia.

Contribution of copyright industries to employment, %

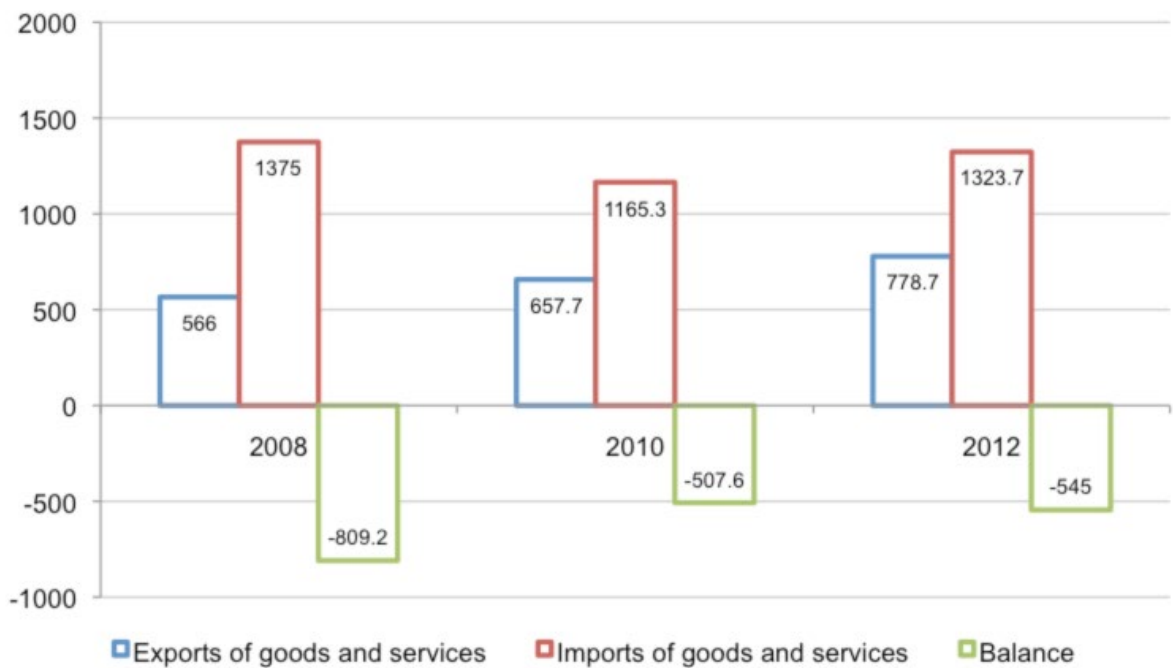


Source: WIPO and authors' calculation

The copyright industry in Serbia is more important in terms of GVA than in terms of employment, and it is more productive than the economy in general, i.e. one employee in CBIs on average creates a larger gross value added compared to the rest of the national economy. The study reveals significant differences between copyright-based industries with respect to productivity.

The share of foreign trade was first assessed by separately analyzing trade in goods and trade in services. The contribution to exports in goods made up 4.44% in 2012. This result is very close to that of CBIs' contribution to GVA. The balance between exports and imports of copyright-related services was negative in 2008 and 2010, but it turned out substantially positive in 2012. The overall rise in the contribution of the exports of copyright services is primarily explained by a significant increase in the share of communication (computer and information) services. Total exports of copyright-based industries in 2012 amounted to EUR 778.7 million, while total imports were EUR 1.323 million. The balance of foreign trade of copyright-based industries was negative, meaning that imports were higher than exports, and the deficit amounted to EUR 545 million.

Foreign trade in copyright-based industries in EUR mill.



Source: Authors' calculation

In addition, the study provides a detailed analysis of key core copyright industries and collective organizations in Serbia. The analysis presents various data including product and services volume, business demography, main trends, financial indicators, etc. The last part of the study provides correspondence tables and technical details. Finally, the research of the Serbian copyright-based industries was conducted following the WIPO guidelines and recommendations, but due to limited data availability, it was decided to cover every second year (2008, 2010 and 2012) in order to provide a clearer picture of how the Serbian CBIs have been evolving throughout the last five years.

1. INTRODUCTION

Copyright and related rights² are a part of intellectual property rights that are created in the legal system to enhance creation and to protect the ownership of the original creator.³ In essence, copyrights protect creativity, which is one of the engines of economic growth.⁴ The general objective of the copyright is to ensure adequate compensation for creators, so that a socially optimal level of creative activity and consumption of copyright material takes place. However, the economic aspects of copyright and related rights are multifaceted, encompassing various trade-offs between the sometimes conflicting interests of creators, performers, distributors, broadcasters and consumers.⁵ Copyrighted works contribute to other economic activities during the process in which they are created, reproduced, distributed and used. Hence, it can be stated that the creation of a copyrighted work acts as an input for other activities, and that industries based on copyright and related rights contribute substantially to the national economy.

In 2003, WIPO published a *Guide on Surveying the Economic Contribution of the Copyright-Based Industries*.⁶ The methodology developed by WIPO outlines four groups of copyright industries – core, interdependent and partial copyright industries and non-dedicated support industries, identified on the basis of their level of dependence on copyright. It also establishes a set of major indicators – contribution to gross domestic product (GDP) and gross value added (GVA), employment, and foreign trade, and lays out research standards and approaches.⁷ The WIPO guidelines were developed on the basis of best international practices reviewed by an expert group of renowned economists.⁸ So far, the guidelines have been implemented in over 40 countries around the world and indeed, the national studies have confirmed that these industries are significant contributors in terms of their relative share in a country's GDP and GVA, as well as in their contribution to employment and foreign trade in goods and services.

² This study will frequently use only the term copyright, which should be understood as including related rights as well.

³ More specifically, copyright is a legal concept that grants the creator of copyright-protected materials exclusive rights to exploit the economic benefits related to their creative work, with the intention of enabling the creator to receive compensation for their work. The requirements for a product of creative work to be covered by copyright, the exclusive rights of the author and the instruments that can be used to enforce the copyright owner's rights are defined by legislation. The concept of copyright, as well as the protective elements, has been the subject of international treaties – the Berne Convention (1886), the Rome Convention (1961), and more recently the TRIPS Agreement (Trade-Related Aspects of Intellectual Property Rights, 1994) of the World Trade Organization, the WIPO Copyright Treaty (WCT) of 1996 and the WIPO Performances and Phonograms Treaty (WPPT) of 1996. In general, as a rule in most countries, no copyright registration is required and the protection is granted automatically from the moment a work is created. In this respect, copyright differs significantly from the other intellectual property rights. While there still are some differences in copyright protection at the national level and other issues of copyright legislation, the international treaties have to a large extent harmonized the concept of copyright. Hence, the concept of copyright is considered nearly identical across countries and legislation.

⁴ Copyright and related rights have been mainly considered from a legal perspective. Legal researchers have covered topics like the scope of copyright protection, enforcement and infringement of copyrights, the nature of copyright, etc. On the other hand, as emphasized by Posner (2005), The traditional focus of economic analysis of intellectual property has been on reconciling incentives for producing such property with concerns about restricting access to it by granting exclusive rights in intellectual goods – that is, by “propertizing” them – thus enabling the owner to charge a price for access that exceeds marginal cost.” See Posner, R., “Intellectual Property: The Law and Economics Approach”, *Journal of Economic Perspectives*, Vol. 19, pp. 57–73, (2005). Similarly, Liebowitz (2003) states, “The issue at the heart of copyright, indeed all of intellectual property law, is the degree to which the copyright holder can appropriate the value produced by the consumption, or appreciation, of his work by others and the degree to which this appropriation hinders consumption.” Thus, copyright looks at “the trade-off between consumption efficiency (maximising the net value consumers get of any produced intellectual product) and production efficiency (preserving incentives to create these products efficiently)”. See Liebowitz, S., “Back to the Future: Can Copyright Owners Appropriate Revenues in the Face of New Copying Technologies?” in *The Economics of Copyright: Developments in Research and Analysis*, W. Gordon and R. Watt (eds.), Edward Elgar; pp. 1-25, Cheltenham, UK and Northampton, US, 2003.

⁵ On how effective copyright protection needs to balance these trade-offs, see Watt, R. “The Past and the Future of the Economics of Copyright”, *Review of Economic Research on Copyright Issues*, 1(1), pp. 151-171, (2004).

⁶ *Guide on Surveying the Economic Contribution of the Copyright-based Industries* (2003), World Intellectual Property Organization, No 893(E), Geneva. See also Gantchev, D., “The WIPO Guide on Surveying the Economic Contribution of the Copyright Industries”, *Review of Economic Research on Copyright Issues*, Vol. 1, pp. 5-16, (2004) and Siwek, S.E. “The measurement of “Copyright” Industries: The US Experience”, *Review of Economic Research on Copyright Issues*, Vol. 1, pp. 17-25, (2004).

⁷ GVA equals the total value of output of goods and services produced minus the intermediate consumption (goods and services used up in the production process in order to produce the output). GDP equals the sum of gross value added of the institutional sectors or of the industries, plus taxes on products and imports and minus subsidies on products (subsidies directly linked to the volume or value of production).

⁸ Research examining the economic importance of copyright and related rights first emerged in the 1970s. The first studies were published in the US (1977) and Canada (1977). Several other studies followed thereafter, and research on the economic contribution of copyright extended into the 1980s and 1990s.

1.1 Purpose and Objectives of the Study

The purpose of this study is to produce a comprehensive economic assessment of the copyright- and related rights-based industries in Serbia. Although the copyright-based industries are economically important, their role in, and contribution to, the Serbian economy have not been discussed in detail. While there are related studies that assess basic trends of creative industries in Serbia (Jovičić and Mikić, 2006; Mikić, 2013),⁹ so far there has been no comprehensive economic analysis focusing predominantly on copyright-based aspects.¹⁰ In that respect, this study is the first to examine and assess the economic contribution of copyright-based industries to the Serbian economy. Moreover, in Serbia until very recently, copyright and related rights have often been perceived predominantly, if not exclusively, as a legal category and have not been considered as an important factor that significantly contributes to economic growth.

There is a significant need for a detailed study of the copyright-based industries in Serbia's national economy. This need is based on three key arguments. Firstly, such a study would help to build a more sound understanding of the economic significance of copyright-related industries and possibly change the perceptions and attitudes toward copyright-related activities in Serbia. A number of related issues have been raised by policy-makers and researchers: How does Serbia's copyright industry compare in terms of value added, employment and foreign trade with other countries? Which sectors of the copyright industry are the most propulsive and which sectors are the main contributors? What are the perspectives of copyright-based industries in the country? What policy lessons could be drawn from other countries with regard to copyright policies?

Secondly, the Strategy for the Development of the Intellectual Property in Serbia for 2011-2015¹¹ states that the increase in the share of GDP of industries based on copyright and related rights represents a sound indicator of the significance of Serbia's transition toward a knowledge-based economy. However, the Strategy focuses on intellectual property rights in general and lacks both data and a sound assessment that would describe the current state of copyright-based industries. A detailed assessment of the economic value of the copyright-based industries would provide a robust and consistent dataset on the actual economic contribution of the creative activities, which could serve as a basis for adjusting policies and strategies aimed at promoting growth and development in national copyright-based sectors. To be able to assess and analyze the current state, there is a need to apply the appropriate methodology for calculating the contribution of copyright-based industries to the national economy. In that respect, the WIPO *Guidelines* provide an internationally comparable methodology for measuring the contribution of copyright-based industries; they enable a proper assessment of the current state of copyright-based industries and could represent a valuable input for the forthcoming strategy.

Thirdly, the results of an extensive study on the copyright-based industries could be used by different interest groups. For the collective management organizations, copyright-related private sector companies, and other stakeholders, it is necessary to have a clear understanding of how each particular copyright-based industry develops, what its future prospects are, etc. This is also a signal for potential investors that could help them allocate investments more efficiently. Finally, the study could be instrumental in reviewing fiscal and structural

⁹ See Jovičić, S., H. Mikić, "Kreativne industrije – Preporuke za razvoj kreativnih industrija u Srbiji", British Council, Beograd, 2006 i Mikić, H. "Kulturne industrije i raznolikost kulturnih izraza", SFBC- Grupa za kreativnu ekonomiju, Beograd, 2013.

¹⁰ Copyright-based industries are often labeled as creative or cultural industries. Although creative, cultural and copyright-based industries are terms that tend to be used interchangeably by policy-makers, their meanings and uses are somewhat different. Thus, it is important to make clear the distinction between these three terms. The WIPO Guide defines cultural industries as industries which produce products that have culturally significant content that is reproduced on an industrial scale, i.e. it applies to those industries that combine the creation, production and commercialization of contents, which are intangible and cultural in nature. These contents are typically protected by copyright and they can take the form of goods or services (WIPO, 2003, p.18, 85). On the other hand, creative industries are defined as industries that include the cultural industries plus all cultural or artistic production, whether live or produced as an individual unit. The creative industries are those in which the product or service contains a substantial element of artistic or creative endeavor used in relation to live performances, cultural heritage and similar "high-art" activities. The borderline between the two is often very fine (WIPO 2003, p.18). In fact, most definitions of creative industries involve copyright and related rights. For a discussion, see Towse, R. "Creativity, Copyright and the Creative Industries Paradigm", *Kyklos*, Vol. 63, pp. 461-78, (2010). For example, WIPO states that creative industries are copyright-dependent (WIPO, 2007), i.e. that copyright plays a significant and identifiable role within those industries. Nevertheless, the key aspect of CBIs is their characteristics that once copyright goods have been produced, the process of their reproduction and distribution induces much lower costs.

¹¹ See Government of Serbia, "Strategy of the Intellectual Property Development for the Period of 2011 to 2015" available at http://www.zis.gov.rs/upload/documents/pdf_en/pdf/Strategy%20of%20the%20intellectual%20property%20development%20in%20Serbia.pdf.

policies in relation to the copyright-related industries. In the medium and long term, the results of the study will be conducive to evaluating the growth and development of the copyright-based industries.

To conclude, the *key objectives* of the study are to:

- Quantify the economic contribution of copyright- and related rights-based industries in Serbia by estimating their value added to GDP (and GVA), share of national employment and foreign trade;
- Analyze and elaborate on selected copyright and related rights-based industries of importance to Serbia, following the WIPO identification and categorization scheme: their national market structure, value chain, demand and supply patterns, labor market, the role of collective management organizations and other copyright-related organizations;
- Compare the results with other surveys carried out using the WIPO methodology and identify the comparative advantages of the Serbian copyright-based industries;
- Propose policy, strategy and institutional interventions for encouraging the growth and development of copyright-based industries in the country.

1.2 Background Information on the Study

The study was initiated by the Intellectual Property Office of the Republic of Serbia (IPORS) and financially supported by WIPO. In addition to financial support, WIPO provided the methodological framework and advice on the contents and scope of the study, which ensured consistency with comparable studies in other countries. The study was conducted by a team of experts led by Dr. Branko Radulović, Faculty of Law, Department of Economics, University of Belgrade (Sections 1, 3, 4, 5 and Annexes), Dr. Dušan Popović, Faculty of Law, Department of Civil Law, University of Belgrade (Section 2) and Miss Dragana Aleksić, Office for Regulatory Impact Assessment, Government of Serbia (Section 5). Mr. Andra Milojić, assistant director, and Mrs. Sanja Bradarić both from the National Accounts, Prices and Agriculture Department of the Statistical Office of the Republic of Serbia (SORS) have provided data and inputs needed for calculations. Mrs. Bradarić also provided key inputs necessary to calculate gross value added and the employment contribution of copyright-based industries. Of great importance was the close cooperation with other experts of the SORS, Mrs. Svetlana Jelić, Mr. Rade Ćirić, Mrs. Mirjana Smolčić, Mrs. Marina Pavlović, Mrs. Suzana Karamarković and Mrs. Dragana Šipić. The team worked under the close supervision of the director of IPORS, Mrs. Branka Totić, while Mrs. Tatjana Stevanović helped in the organization of focus groups and contacts with collective management organizations. On behalf of FREN, Jelena Žarković Rakić and Aleksandar Radivojević provided valuable organizational support.

The delegated foreign consultant appointed by WIPO was Dr. Rimantas Juozas Vaicenavičius, Mykolas Romeris University, the author of a similar study prepared in Lithuania in 2011, while Christopher Kalanje, Counsellor, Creative Industries Section of WIPO, monitored the execution of the project at all stages. Dr. Dimiter Gantchev, Acting Director of the Creative Industries Division, WIPO also provided valuable feedback.

The authors wish to express their gratitude to the representatives of the WIPO and especially to DR. Vaicenavičius for suggesting an algorithm on how to design the NACE 2 classification. We also wish to thank the SORS, the National Bank of Serbia and collective management organizations for their invaluable help in providing the statistical data, and Miss Hristina Mikić, Director of the Creative Economy Group in Belgrade, for reviewing the study and her valuable comments and suggestions. The assistance of the companies and institutions and experts who offered us valuable information during interviews was also greatly appreciated.

1.3 Structure of the Study

The study aims at presenting the economic contribution of the copyright-based industries to Serbia's economy. However, for a better understanding of economic processes in the sector, a brief legal analysis of copyright is presented as well (see **Section 2**). This section provides the legal background for copyright-related works and the rights of relevant subjects. It also presents the development of the copyright and the related rights system in Serbia, as well as Serbia's participation in international conventions and agreements. In addition, this part examines substantive limitations and infringements of copyright and related rights, as well as collective rights management and collective management associations operating in Serbia.

Section 3 briefly considers several aspects of the methodology. First, we discuss the list of copyright activities included in the study. Since the WIPO methodology was published, the classification has changed over time and, although close, different underlying frameworks still do not allow the classification of copyright-based industries to be closely related. Correspondence tables were a necessary tool for comparing statistical data collected and presented using WIPO methodology classifications. More precisely, correspondence tables between NACE Rev. 1.1. and NACE Rev. 2 version were used to examine the detailed changes that have taken place in the revision process. Specific technical details related to this section and detailed correspondences between NACE Rev. 2 and NACE Rev. 1.1 are presented in Annex 1 of the study. This section also discusses other important methodological choices related to the copyright factors and shared activities.

Section 4 presents the key results of this study. It provides an overview of the Serbian copyright-industries by presenting the copyright's economic contributions to the gross value added, employment and foreign trade. It is then followed by a description of the structure of the copyright-based industries, i.e. relative shares of the core, interdependent, partial and non-dedicated support industries, and identifies several leading sectors in each group. Comparing the value added contribution with the employment contributions allows for the examination of the productivity of the copyright-based industries and its constituents. To examine longer-term effects, the authors have decided not to analyze the economic contribution to the gross value added for a single year, but rather to investigate a five-year period presenting data for three years – 2008, 2010 and 2012. The authors have paid great attention to the reliability and consistency of economic analysis, to the analytical approach applied in the study, and especially to issues related to the classification of copyright-related industries. The final part of this section shows the structure and dynamics of the imports and exports of the economic sectors monitored in each group. It also compares the results computed with those of other countries and draws conclusions about the place and specific characteristics of the Serbian copyright-based industries. Specific datasets were derived and calculations were performed based on the data received from the Statistical Bureau of the Republic of Serbia, while additional data related to imports and exports of services were also obtained from the National Bank of Serbia.

Section 5 outlines the development and current situation in core copyright industries and **Section 6** presents conclusions of the analysis and recommendations. The recommendations offer guidelines to the Serbian national authorities on how to utilize the results of this study and how the copyright economic contribution could be measured in Serbia in the most cost-conscious way.

It should be noted that the sources for the external data in the tables and graphs are explicitly mentioned immediately below; otherwise, the authors handled all the calculations of the data provided.

2. COPYRIGHT LAW IN SERBIA

2.1 Legal Basis of Copyright in Serbia

Pursuant to the Constitution of the Republic of Serbia,¹² copyright belongs to the category of human rights and freedoms for every man and citizen. Article 73.1 of the Constitution of the Republic of Serbia sets forth that scientific and artistic creativity is unrestricted. Moreover, Article 73.2 sets forth that oral and pecuniary rights are guaranteed to authors of scientific and artistic works, in accordance with the law. Pursuant to the Constitution, the Republic of Serbia shall assist and promote the development of science, culture and art. The main legislative source of copyright in Serbia is the Copyright and Related Rights Act, adopted in 2009, and amended in 2011 and 2012.¹³ The Copyright and Related Rights Act has generally been harmonized with all international treaties, conventions and agreements, which regulate the area of copyright and related rights,¹⁴ as well as with all EU directives concerning copyright and related rights, which were enacted prior to its adoption.¹⁵

The current Copyright and Related Rights Act consists of the following chapters: (1) Subject-matter of the Act; (2) Copyright; (3) Related rights; (4) Exercise of copyright and related rights; (5) Commission for copyright and related rights; (6) Records of works of authorship and subject-matter of related rights; (7) Protection of copyright and related rights; (8) Penal provisions; and (9) Transitional and final provisions. The Government of the Republic of Serbia adopted the following by-laws to implement the Copyright and Related Rights Act:

- Regulation on the conditions which the deposited copies of copyright-protected works and subject matter of related rights need to fulfill, on the entry in the register and deposition of copyright-protected works and subject matter of related rights, and on the contents of the registration of deposited copyright-protected works and subject matter of related rights with the competent authority;¹⁶
- Regulation enumerating a list of the technical devices and audio and visual carriers in relation to which levy is to be paid to owners of copyright and related rights;¹⁷
- Regulation on remuneration of members of the Commission for Copyright and Related Rights.¹⁸

¹² Official Journal of the Republic of Serbia n° 98/2006.

¹³ Official Journal of the Republic of Serbia n° 104/2009, 99/2011, 119/2012.

¹⁴ These are: Berne Convention for the Protection of Literary and Artistic Works (ratification: Official Journal of the Federative Socialist Republic of Yugoslavia – International Treaties n° 4/1986); Universal Copyright Convention as revised at Paris on July 24, 1971 (ratification: Official Journal of the Federative Socialist Republic of Yugoslavia – International Treaties n° 54/73); Convention Establishing the World Intellectual Property Organization (ratification: Official Journal of the Federative Socialist Republic of Yugoslavia – International Treaties n° 31/72, 4/86); Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (ratification: Official Journal of the Federal Republic of Yugoslavia – International Treaties n° 13/2002); Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms (ratification: Official Journal of the Federal Republic of Yugoslavia – International Treaties n° 13/2002); World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement); World Intellectual Property Organization Copyright Treaty (ratification: Official Journal of the Federal Republic of Yugoslavia – International Treaties n° 13/2002); and World Intellectual Property Organization Performances and Phonograms Treaty (ratification: Official Journal of the Federal Republic of Yugoslavia – International Treaties n° 13/2002).

¹⁵ These are: Council Directive 91/250/EEC of May 14, 1991 on the Legal Protection of Computer Programs (Official Journal L122, 17.5.1991); Directive 2009/24/EC of the European Parliament and of the Council of April 23, 2009 on the Legal Protection of Computer Programs (codified version) (Official Journal L111, 5.5.2009); Directive 2006/115/EC of the European Parliament and of the Council of December 12, 2006 on Rental Right and Lending Right and on Certain Rights Related to Copyright in the Field of Intellectual Property (codified version) (Official Journal L376, 27.12.2006); Council Directive 93/83/EEC of September 27, 1993 on the Coordination of Certain Rules Concerning Copyright and Rights Related to Copyright Applicable to Satellite Broadcasting and Cable Retransmission (Official Journal L248, 6.10.1993); Directive 2006/116/EC of the European Parliament and of the Council of December 12, 2006 on the Term of Protection of Copyright and Certain Related Rights (codified version) (Official Journal L372, 27.12.2006); Directive 96/9/EC of the European Parliament and of the Council of March 11, 1996 on the Legal Protection of Databases (Official Journal L077, 27.3.1996); and Directive 2001/29/EC of the European Parliament and of the Council of May 22, 2001 on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society (Official Journal L167, 22.6.2001); Directive 2001/84/EC of the European Parliament and of the Council of September 27, 2001 on the Resale Right for the Benefit of the Author of an Original Work of Art (Official Journal L272, 13.10.2001).

¹⁶ Official Journal of the Republic of Serbia n° 45/2010.

¹⁷ Official Journal of the Republic of Serbia n° 45/2010.

¹⁸ Official Journal of the Republic of Serbia n° 5/2011.

Further to the Copyright and Related Rights Act, the area of copyright and related rights is regulated by the Act on Special Competencies for Efficient Protection of Intellectual Property Rights.¹⁹ This Act has been aligned with the EU Directive on the Enforcement of IP rights.²⁰ In a broader sense, the Act on Optical Discs also forms part of the Serbian copyright and related rights system.²¹ This Act lays down rules on the manufacturing of optical discs, import and export of production parts and equipment used for the manufacturing of optical discs, as well as commercial reproduction, export, import and distribution of optical discs.

2.2 Development of the Copyright and Related Rights System

The development of Serbian copyright and the related rights system may be traced from the end of the nineteenth century and the beginning of the twentieth century. Copyright was already protected prior to the First World War, in parts of Serbia which belonged to the Austro-Hungarian Empire. However, the development of Serbian copyright and the related rights system *sensu stricto* should be connected with the adoption of the first Copyright Act of the Kingdom of Yugoslavia in 1929. This Act was drafted under the strong influence of the German Copyright Act and was generally harmonized with the Berne Convention, to which the Kingdom of Yugoslavia acceded in 1930.

Following the Second World War, the Kingdom of Yugoslavia was succeeded by the Democratic Federal Yugoslavia (later: Socialist Federative Republic of Yugoslavia). The significant social and political changes in the country were followed by the establishment of the new legal system. The first Copyright Act in socialist Yugoslavia was adopted in 1946. This Act was not aligned with the provisions of the Berne Convention, to which the country acceded for the second time in 1951. Further harmonization of the national copyright system with international conventions was achieved through the adoption of subsequent Copyright Acts in 1957, 1968 and 1978. Copyright and related rights were efficiently protected to an extent which reached beyond the general context of social organization at the time. From 1990 onwards the copyright and the related rights system experienced rapid progress. The Federal Republic of Yugoslavia, which succeeded to the SFR Yugoslavia, acceded to remaining copyright and related rights conventions and started harmonizing its national copyright law with the European Union directives and the Agreement on Trade-Related Aspects of Intellectual Property Rights. This was achieved through the adoption of the Copyright and Related Rights Act in 1998. The rapid harmonization of the Serbian copyright and the related rights system continued with the adoption of the new Copyright and Related Rights Act in 2004 and the present Act in 2009. From the information above, it could be validly concluded that Serbia's legislation is integrated into the international system for the protection of copyright and related rights. Serbia's national copyright and related rights system is ready for integration into the European Union system, given that Serbia is a candidate country awaiting accession to the EU.²²

2.3 The Author and His/Her Work

In Serbian law, an author is a natural person who has created a work. The work of an author is an original intellectual creation, expressed in a certain form, regardless of its artistic, scientific or other value, its purpose, size, contents and way of manifestation, as well as the permissibility of public communication of its contents. Copyright protects expressions and not ideas, procedures and methods of operations, or mathematical concepts as such. Copyright does not protect concepts, principles and instructions included in a work either. The works protected by copyright are mentioned by way of example in the Copyright and Related Rights Act:

- written works (books, brochures, articles, translations, computer programs in any form of their expression, including their preparatory design material and other);
- spoken works (lectures, speeches, orations, etc.);
- dramatic, dramatic-musical, choreographic and pantomime works, as well as works originating from folklore;
- music works, with or without words;

¹⁹ Official Journal of the Republic of Serbia n° 46/2006, 104/2009.

²⁰ Directive 2004/48/EC of the European Parliament and of the Council of April 29, 2004 on the Enforcement of Intellectual Property Rights (Official Journal L195, 2.6.2004).

²¹ Official Journal of the Republic of Serbia n° 52/2011.

²² Serbia was granted candidate status on March 1, 2012.

- films (cinematographic and television works);
- fine art works (paintings, drawings, sketches, graphics, sculptures, etc.);
- works of architecture, applied art and industrial design;
- cartographic works (geographic and topographic maps);
- drawings, sketches, dummies and photographs; and
- the direction of a theatre play.

The author of the work is the holder of the copyright. Apart from the author, the holder of the copyright may be a person who acquired the right in accordance with the Copyright and Related Rights Act. A work may be the result of an intellectual effort undertaken by two or more natural persons (co-authors). According to the Copyright and Related Rights Act, a co-author is a natural person who has created a work on the basis of creative work with another person. As a rule, co-authors are joint holders of the work's copyright, unless otherwise provided by the Act or a contract governing their mutual relations. The scriptwriter, director and chief cameraman are regarded as co-authors of a film. If music constitutes an essential component of a film and it has been composed for that film, the composer is also considered a co-author. In a cartoon and/or animated film, or in a film where drawings or animation are its essential elements, the main film-animator is considered to be a co-author of the film.

2.4 Copyright

2.4.1 *The principle of private law*

The principle of private law corroborates the Copyright and Related Rights Act. Copyright is a single right which consists of three components: (1) moral rights of an author, which protect the author's personal connections with his/her work; (2) pecuniary or economic rights of an author, which protect the author's economic interests in his/her work; and (3) other rights of an author, which protect other interests of an author in his/her work. Copyright as a whole is not transferable, except by means of succession.²³ Still, the author is free to dispose of the economic component of his/her copyright. Copyright may not be subject to the levy of execution.

2.4.2 *Pecuniary rights of an author*

The Copyright and Related Rights Act states that every author has the right to exploit his/her work commercially, as well as the work resulting from its modification. The authors are entitled to remuneration for exploitation of their work by another person, unless otherwise provided by the Copyright and Related Rights Act or a contract. The Act lays down several economic rights which correspond to different modalities of use of a work. These are: (1) the reproduction right; (2) the distribution right; (3) the right of rental; (4) the right of representation; (5) the right to transmit public performance of a work by means of technical devices; (6) the right of broadcasting; (7) the right of re-broadcasting; (8) the right of communication to the public of a work by wire or wireless means, including the making available to the public of a work in an interactive way; (9) the right of adaptation; (10) the right of public communication of a broadcasted work; and (11) the right of public communication of a work fixed in an audio and/or visual medium.

Pecuniary rights last for an author's life and 70 years after his/her death. Pecuniary rights of a co-author expire after 70 years from the time of the last co-author's death. Pecuniary rights with respect to the work whose author is unknown (anonymous work or work under a pseudonym) expire after 70 years elapse from the date of the work's disclosure. Should the author reveal his/her identity before the expiration of such term, the duration of pecuniary rights shall be calculated as if the author's identity had been known from the date of disclosure of the work. Pecuniary rights with respect to collective works last for 70 years from the date

²³ The author's heirs may exercise all powers with respect to the author's moral rights, except for the right to publish an undisclosed work, if the author has prohibited it, and the right to modify the work. In addition to the heirs, associations of authors, as well as institutions in the field of culture, science and arts may also protect moral rights in relation to recognition of authorship, protection of integrity of the work, and prohibition of unbecoming exploitation of the work.

of the lawful publication of the work. Where the term of protection runs from the time of disclosure of the work and where the work was disclosed in installments, the term of protection runs for each such installment separately.

2.4.2.1 *The reproduction right*

The reproduction right gives the holder the exclusive right to make one or more copies of his/her work. The author has the exclusive right to authorize or prohibit fixation or reproduction of his/her work in its entirety or in part, by any means, in any form, in any manner, permanently or temporarily, directly or indirectly. By means of example, the Copyright and Related Rights Act enumerates several reproduction techniques: reproduction by graphic procedures, photocopying and other photographic procedures achieving the same result, sound or visual recording, erecting a work of architecture, and storage of the work in electronic form into the memory of the computer. Reproduction of the copyrighted work exists regardless of the number of copies made, technique by which the work is multiplied or the durability of the copy. The Copyright and Related Rights Act stipulates that the notion of reproduction also cover the operation of the program on the computer.

2.4.2.2 *The distribution right*

The distribution right is defined as the exclusive right to put the original or the copies of the author's work on the market by offering it for sale or offering it in another way to the public for the same purpose. The distribution right also comprises offering copies of the work for the purpose of placing it in circulation, storing copies of the work with the purpose of placing it in circulation, and importing copies of the work.

2.4.2.3 *The right of rental*

The author has the exclusive right to permit or prohibit rental of the originals or copies of his/her work. The notion of rental is understood as making the original or the copies of the work available for use to other persons for a limited period of time and for the purpose of realizing direct or indirect pecuniary benefit. The author who licenses rights to a producer of phonograms and/or videograms retains the right to obtain an equitable remuneration for the rental of the work. The right of rental may not be exercised in respect of a work of architecture, a work of applied art materialized in the form of an industrial or artisan product, or a work that was made or reproduced for the sole purpose of being rented as agreed between the author and owner of a copy of the work.

2.4.2.4 *The right of representation*

The author has the exclusive right to authorize or prohibit public performance of his/her work. The right of representation is structured in a two-fold way. The first aspect concerns the right to perform, where the performance is understood as any means of public communication of non-stage works (speech, music) live to the audience. The second aspect concerns the right to present, where the presentation is understood as any means of live public communication of stage works to an audience (dramatic, dramatic-musical, choreographic, pantomimic works).

2.4.2.5 *The right to transmit public performance of a work by means of technical devices*

The Copyright and Related Rights Act prescribes that the author has the exclusive right to authorize or prohibit the transmission of the performance or presentation of his/her work. The act of transmission is defined as simultaneous public communication of a work that is being performed or presented to the audience present outside the premises where the work is being performed or presented live, by means of technical devices, such as a loudspeaker or a screen.

2.4.2.6 *The right of broadcasting and re-broadcasting*

The author has the exclusive right to authorize or prohibit broadcasting and re-broadcasting of his/her work. The Copyright and Related Rights Act defines broadcasting as an act of public communication of a work by wire or wireless transmission of radio or television program signals intended for public reception (radio broadcasting and cable broadcasting). The notion of broadcasting encompasses satellite transmission as well. If the transmitted signals are encoded, their transmission shall be considered as broadcasting if the broadcasting organization provides the society with special decoding devices or grants permission to acquire them. The Copyright and Related Rights Act defines re-broadcasting as an act of simultaneous communication to the public of a copyrighted work broadcasted in radio diffusion, in an unchanged form and as a whole: (1) when such communication to the public is performed by another broadcasting organization, and not the one which had originally broadcast the work; and (2) when such communication to the public is performed by cable or micro-wave system or when the work is originally broadcasted from another country (cable re-broadcasting).

2.4.2.7 *The right of making a work available to the public in an interactive way*

In line with the rules laid down by the WIPO Internet Treaties and the EU Directive on Copyright and Related Rights in the Information Society, the Copyright and Related Rights Act prescribes the exclusive right of an author to communicate to the public his/her work by wire or wireless means, including making available to the public a work in such a way that members of the public may access the work from a place and at a time individually chosen by them.

2.4.2.8 *The right of adaptation*

Under the Copyright and Related Rights Act, the author has the exclusive right to prohibit or authorize any act of adaptation, arrangement or other alteration of his/her work.

2.4.2.9 *The right of public communication of a broadcast work*

The author has the exclusive right to permit or prohibit any act of communication of his/her work that is being broadcast or re-broadcast simultaneously to an audience in a public place. Such public communication of a broadcast work may, for example, take place in public transportation, restaurants, waiting rooms and the like, by means of such devices as radio receivers or television sets.

2.4.2.10 *The right of public communication of a work fixed in an audio and/or visual medium*

The author has the exclusive right to permit or prohibit the communication of his/her work to the public via an audio and/or visual medium (a record, compact disc, audio cassette, video cassette, film tape, optic disc, slide) by means of technical devices for the reproduction of sound and/or picture.

2.4.3 *Moral rights of an author*

The Serbian Copyright and Related Rights Act provides for the following moral rights of the author: (1) the right to claim authorship of the work; (2) the right to claim the author's name; (3) the right of disclosure; (4) the right of protection of the work's integrity; and (5) the right to oppose unbecoming exploitation of the work. The moral rights of an author are not transferable by contract. The author's heirs may exercise all powers with respect to the author's moral rights, except for the right to publish an undisclosed work, if the author has prohibited it, and the right to modify the work. Apart from the author's heirs, associations of authors and institutions in the fields of culture, science and art may also protect the author's rights relating to authorship, integrity of the work and prohibition of unbecoming exploitation of the work. Moral rights last even after the expiration of the author's pecuniary rights.

2.4.3.1 *Author's rights in relation to the owner of a copyrighted work*

Certain author's rights cannot be categorized as either pecuniary rights or as moral rights. Due to their complex nature, consisting both of economic and (some) personal characteristics, they form the special category of "other rights of an author" These are: (1) right of access to a work; (2) *droit de suite*; (3) right to prevent public presentation of a work; (4) author's priority right of modification of a work of architecture; (5) right to levy; and (6) right to remuneration for public lending. Only those rights which are economic in nature and have significant income potential shall be examined in this study.

2.4.3.2 *Right to levy*

In line with the limitations of the exclusive pecuniary right of reproduction, the work of an author may be reproduced for private or other personal use in the absence of the author's consent. Authors can expect their works to be reproduced for personal non-commercial purposes via sound, picture and text carriers, and have the right to remuneration in case of import and/or sale of technical devices and sound, picture and text carriers, for which it can be assumed that they will be used for such reproduction. In addition, in case copyright-protected works have been reproduced by means of photocopying or similar technique, the author has the right to remuneration from legal or natural persons that provide the photocopying services. This right may be managed only collectively. Debtors are under an obligation to respond to each request for information on the type and quantity of devices/carriers imported or sold, as well as to each request for information on the number of photocopies made, presented by the collective management organizations. The Copyright and Related Rights Act prescribes that a levy needs to be fair, since levy debtors are not users of copyright-protected works and/or subject matter of related rights.

2.4.3.3 *Right to remuneration for public lending*

The author has the right to an "appropriate" remuneration if the original or the copies of his/her work are lent through public libraries or other institutions engaged in lending on a professional basis. Under the Copyright and Related Rights Act, lending is understood as an act of giving the originals or copies of the work to be used for a limited period of time, without realizing direct or indirect economic benefit. The author does not have the right to remuneration when works are lent through national libraries, libraries of public education institutions and public specialized libraries (or when works are mutually lent by these institutions), as well as in case of lending works of the applied arts and industrial design or works of architecture. This right may only be managed collectively.

2.5 **Related Rights**

Under the Copyright and Related Rights Act, the rights related to copyright are: (1) the right of performers; (2) the right of producers of phonograms; (3) the right of producers of videograms; (4) the right of producers of broadcasts; (5) the right of producers of databases; (6) the right of publishers. The provisions of the Copyright and Related Rights Act related to the publishing and communication to the public of a copyrighted work apply to related rights *mutatis mutandis*. As a rule, related rights only have an economic component, whereas their owner does not have moral rights. The only exception is the right of performers, consisting of both an economic and moral component. Related rights are transferable, with the exception of the performers' moral rights.

2.5.1 *Right of performers*

Under the Copyright and Related Rights Act, performers enjoy moral and pecuniary rights in relation to their performance. A performer is an individual who engages in the performance of works (a musician, actor, dancer, performer of pantomimes, singer, or conductor). Persons making only a technical contribution to the performance of works are not considered performers. A performance is defined as an intellectual commodity that originates from the personal engagement of a performer during audio, visual, or audio-visual communication of the author's work. The pecuniary rights of the performer last for 50 years from the date of the performance. If a performance was recorded and lawfully published or communicated to the public within this period, the term of protection shall expire 50 years from the date of the first publication

or communication to the public, whichever date is earlier. A performer's moral rights last even after the expiration of his/her pecuniary rights.

2.5.2 *Right of producers of phonograms*

Phonogram producers have pecuniary rights in relation to their phonograms. A phonogram is any recording of a sound and/or a sequence of sounds on a sound carrier. A producer of a phonogram is any natural or legal person who has organized and financed the production of the phonogram, and who bears the responsibility for the first recording of a sound or a sequence of sounds. The rights of the producer of phonograms last for 50 years from the production of the phonogram. If the phonogram has been lawfully published or communicated to the public within this period, the term of protection shall expire 50 years from the date of the first publication or communication to the public, whichever date is earlier.

2.5.3 *Right of producers of videograms*

Videogram producers have pecuniary rights in relation to their videograms. A videogram is a recording of a film work, as well as a definite sequence of motion pictures with or without the accompanying sound on the carrier of picture, or the carrier of picture and sound. A producer of a videogram (film producer) is any natural or legal person who has, acting on one's own behalf, taken the initiative, gathered financial means, organized, managed and taken the responsibility for the first recording of a film or motion picture with or without sound. The duration of the right of producers of videograms is determined in the same way as the duration of the right of producers of phonograms.

2.5.4 *Right of producers of broadcasts*

Producers of broadcasts have pecuniary rights in relation to their broadcasts. A broadcast producer is any natural or legal person who has organized and financed the production of a broadcast. Under the Copyright and Related Rights Act, a broadcast is defined as an electrical, electromagnetic or another signal converted into audio, visual or audio-visual content that is broadcast for the purpose of being communicated to the public. The rights of the producer of broadcasts last for 50 years from the date of the first broadcasting of the protected broadcast.

2.5.5 *Right of producers of databases*

Under the Copyright and Related Rights Act, database producers enjoy pecuniary rights in relation to their databases. A database is a collection of independent data, works or other materials arranged in a systematic or methodical way, individually accessible by electronic or other means. The protection of databases does not encompass computer programs which are used for the elaboration of the database or work with databases available by electronic means. A producer of a database is any natural or legal person that has created a database, by qualitative and/or quantitative substantial investment in obtaining verification or presentation of its contents.

Database producers' rights last for 15 years from the date of the creation of a database. If a database was made available to the public in whichever manner before the expiry of that term, the term of protection shall expire 15 years from the date when the database was first made available to the public. If substantial changes occur in the selection or arrangement of the contents of a database, the term of protection shall be extended for another 15 years. Any additions, deletions or improvements of a database as a whole or a part thereof, resulting in a new version of such database, are to be considered as substantial changes in the selection or arrangement of the contents of a database.

2.5.6 *Right of publishers*

Under the Copyright and Related Rights Act, any person who, after the expiry of the protection of the author's pecuniary rights, for the first time lawfully publishes or communicates to the public a previously unpublished work has the rights equivalent to pecuniary rights of the author. The duration of the right of publishers of previously unpublished work is 25 years from the date of the first publication or first communication to the

public. The publishers of print editions have the right to levy under the same conditions which are valid for the authors. The right to levy of publishers of print editions lasts for 50 years from the lawful publication of the work.

2.6 Substantive Limitations on Copyright and Related Rights

In line with the EU Directive on Copyright in the Information Society, the Copyright and Related Rights Act prescribes a number of limitations to copyright and related rights. The Copyright and Related Rights Act provides for two different regimes of limitations, one being the suspension of exclusive rights and right to remuneration, and the other the statutory license. For example, exclusive rights and a right to remuneration are suspended if the work is used for educational purposes or in the course of media coverage, while the statutory license is prescribed in cases of a three-dimensional reproduction of works permanently displayed in the streets, squares and other open public places.

2.7 Exercising Copyright

Copyright and related rights can be exercised individually and collectively. Individual management is controlled by means of a contract. Individual management is carried out by the holder of copyright or related right himself/herself or through an agent. Collective management of rights is exercised through collective management organizations, which act in their own name and on behalf of the right owners they represent.

Only one organization may be entrusted with the collective administration regarding the same category of right holders. The collective management organization selected will be the one whose founders represent the majority of right holders with respect to a certain category of rights, and which fulfils organizational, technical and financial conditions to administer efficiently the rights of national and foreign right holders in Serbia and national right holders abroad (e.g. which has the most contracts on mutual representations with foreign collecting societies). The organization which fulfils the criteria set by the Copyright and Related Rights Act shall obtain the operating license. Through the operating license, the organization shall acquire the right to engage in the collective management of copyright and/or related rights for the five-year period. There are currently four collective management organizations in Serbia:

- SOKOJ – music authors' organization;²⁴
- OFPS – phonograms producers' organization;²⁵
- PI – organization for collective management of performers' rights;²⁶ and
- OFA – organization for collective management of rights of authors of photographs.²⁷

The collective management organization performs in particular the following tasks: granting permission for the use of copyrighted works or subject matter of related rights when such permission is necessary pursuant to the Copyright and Related Rights Act; collecting royalties for use; distributing collected royalties between right holders; controlling the use of copyrighted works and subject matter of related rights; and initiating enforcement proceedings in case of infringements.

Under the Copyright and Related Rights Act, the collective management of copyright and related rights is mandatory in respect to the following rights:

- author's right to remuneration for cable re-broadcasting of a copyright-protected work;
- author's right to levy;
- author's right to remuneration from the person who lends copies of his/her work, except computer programs, when such lending is a registered activity of that person;

²⁴ The operating license was issued to SOKOJ in 1998, although the organization has been active in Serbia (and previously in ex-Yugoslavia) for more than 60 years. For more information on SOKOJ, visit: <www.sokoj.rs>

²⁵ OFPS received its operating license in 2002. For more information on OFPS, visit: <www.ofps.org.rs>

²⁶ The operating license was issued to PI in 2007. For more information on PI, visit: <www.pravainterpretatora.org>

²⁷ The operating license was issued in 2013.

- performer's right to remuneration: (i) for broadcasting and re-broadcasting of his/her performance from a published phonogram; (ii) for communication to the public of his/her performance broadcasted from a published phonogram; and (iii) for communication to the public of his/her performance from a published phonogram;
- right of the producer of a published phonogram to remuneration: (i) for broadcasting and re-broadcasting of the phonogram; (ii) for communication to the public of the phonogram; and (iii) for communication to the public of the phonogram which is being broadcasted;
- right of publishers of printed editions to levy; and
- right of phonogram producers, performers and videogram producers to levy.

The tariff is negotiated between the representatives of right holders and users of copyrighted works and the subject-matter of related rights. In case representatives of right holders and users fail to reach an agreement on the tariff, the collective management organization adopts the tariff proposal. The proposal has to be approved by the Intellectual Property Office.

The 2012 Amendments to the Copyright and Related Rights Act introduced significant modifications of the criteria for setting the tariff for the public communication of musical works, performances and phonograms, and in relation to the right to levy.

Firstly, the highest amount of the remuneration paid in accordance with the tariff for public communication of musical works, performances and phonograms cannot exceed 1/12 of the minimum wage in the Republic of Serbia, without taxes and contributions, for users having commercial business premises up to 50 square meters; it cannot exceed 1/10 of the minimum wage in the Republic of Serbia, without taxes and contributions, for users having commercial business premises of 50 to 100 square meters; it cannot exceed 1/8 of the minimum wage in the Republic of Serbia, without taxes and contributions, for users having commercial business premises of 100 to 150 square meters; it cannot exceed 1/6 of the minimum wage in the Republic of Serbia, without taxes and contributions, for users having commercial business premises of 150 to 200 square meters; or for users having commercial business premises of 200 to 300 square meters it cannot exceed 1/3 of the minimum wage in the Republic of Serbia. For each additional 100 square meters, the remuneration is increased to the maximum amount of 1/10 of the minimum wage in the Republic of Serbia, without taxes and contributions. Furthermore, remuneration for public communication of musical works, performances and phonograms in craftsmanship shops is not paid at all.

Secondly, the remuneration paid per every sold or imported technical device that may be used for reproduction of copyrighted works and/or subject matter of related rights, and per every sold or imported text, sound or video carrier, in relation to the right to levy, cannot exceed 1% of the value of a device/carrier, except in case of the sale or import of empty compact discs, empty digital video discs, empty digital video discs of high definition, empty Blu-ray discs, empty mini discs, empty audio cassettes and empty video cassettes, where the amount paid cannot exceed 3% of the value of such carrier.

2.8 Infringements of Copyright and Related Rights

In the Serbian legal system, protection of copyright and related rights from infringement may be claimed within civil, criminal and administrative proceedings. As a rule, the proceedings are initiated by the owners of copyright and related rights. However, certain proceedings (e.g. criminal proceedings for the most serious criminal offenses) are initiated *ex officio*.

The competence for adjudicating in civil actions in the field of intellectual property is vested with the higher courts, while the competence for adjudicating in commercial actions is vested with the commercial courts. Appellate courts, that is, the Commercial Appellate Court is competent in the second instance. The Supreme Court decides on extraordinary legal remedies. However, since fewer than 5% of court cases in Serbia were IP-related,²⁸ judges from the higher and commercial courts rarely had the occasion to decide on this type of disputes, which led to their limited expertise in intellectual property. Therefore, the legislature recently decided to proceed to the concentration of territorial competence of courts of first instance. Since 1 January 2014,

²⁸ In the absence of the official court statistics, we quote the information provided by the Government of Serbia in the 2011-2015 Strategy of Intellectual Property Development (pp. 28-29).

the Higher Court in Belgrade and the Commercial Court in Belgrade are exclusively competent to decide on IP-related disputes in first instance.²⁹ It is expected that this measure will contribute to judges' improved expertise in IP-related disputes.

Most pending civil proceedings are related to collective management of copyright and related rights. A significant number of these proceedings were initiated under the 2004 Copyright Act by the collective management organizations against the users of copyrighted works and subject-matter of related rights that refused to pay the fee. Under the 2004 Act, the collective management organizations were empowered to determine the tariff unilaterally. The fees payable under the tariff were often perceived as inadequate by the users. According to available data, there are approximately 5000 pending proceedings of this type.³⁰ Also, a number of proceedings were initiated under the 2009 Copyright Act. The 2009 Act introduced mandatory negotiations between the collective management organizations and organizations of users of copyrighted works and subject-matter of related rights. In the case when an agreement on the tariff could not be reached, the final decision was adopted by an independent body of experts, the Commission for copyright and related rights, formed within the Intellectual Property Office. Tariffs determined by the Commission were also subject to court proceedings.³¹ Following the entry into force of the 2012 Amendments to the Copyright Act, the Commission for copyright and related rights was dissolved. Now, when the mandatory negotiations between the interested parties fail, the tariff will be determined by the collective management organization(s) and confirmed by the Intellectual Property Office. Such an approval decision by the IP Office may equally be questioned before the court.

The competencies of administrative organs in relation to the enforcement of copyright and related rights are regulated in detail by the Act on Special Competencies for Efficient Protection of Intellectual Property Rights. The administrative bodies in charge of enforcing copyright and related rights are, in particular, the ministries, inspections and the Serbian Broadcasting Agency (RRA).

2.8.1 Data on unauthorized use of copyrighted work

According to statistical data on public prosecutions for 2013 obtained from the Intellectual Property Office, the criminal offence of unauthorized use of copyrighted work or other work protected by similar rights stipulated in Article 199 of the Criminal Code was the most common criminal offence in the domain of intellectual property rights in Serbia. The number of charges is still relatively small compared to the widespread unauthorized use of copyrighted work. Data obtained from the Ministry of Interior show that the number of registered criminal acts based on unauthorized use of copyright or other related right is decreasing.

²⁹ Act on the seats and territorial jurisdiction of courts and public prosecutor's offices, Official Journal of the Republic of Serbia n° 101/2013, Arts 4-5.

³⁰ According to the data referring to the period when the 2004 Copyright Act was in force, there are thousands of court proceedings initiated by the collective management organizations against natural and legal persons who did not pay the remuneration for the use of copyright-protected works and subject matter of related rights. Around 2000 proceedings, in which SOKOJ (music authors' organization) is a party to, are currently pending before Serbian courts. Moreover, there are around 3000 proceedings, which OFPS (phonogram producers' organization) is a party to, currently pending before the courts. This information originates from the document explaining the reasons for passing the new Copyright Act (*Obrazloženje Predloga zakona* in Serbian), published by the Government/Serbian Intellectual Property Office in 2009.

³¹ At the moment, there are no official court statistics in Serbia. Therefore, it is not possible to determine precisely the number of such proceedings.

Table 1: Unauthorized use of copyrighted work – criminal offence and total number of verdicts in 2013

Criminal Offence	Unsolved criminal charges from previous period	Criminal charges submitted in reporting period	Indictments in reporting period	Total number of verdicts (number of convictions)
Violation of Moral Right of Author and Performer – Article 198 of the Criminal Code	3	7	2	
Unauthorized Use of Copyrighted Work or other Work Protected by Similar Right – Article 199 of the Criminal Code	158	102	58	89 (83 convictions)
TOTAL	161	109	60	89 (83 convictions)

Source: Intellectual Property Office

Table 2: Criminal acts based on unauthorized use of copyright or other related right (2008-2013)

	2009	2010	2011	2012	2013
Number of criminal acts based on Art 199* of the Criminal Code (unauthorized use of copyright or other related right)	231	216	162	122	63

Source: Ministry of Interior

From 2009 to 2013, the Department for Protection of Intellectual Property Rights at the Customs Office of the Ministry of Finance, detained 18,900 articles such as CDs, DVDs, cassettes, and game cartridges in total, including both recorded (music, film, software, game software) and unrecorded.³² Also, the Section of Market Inspection within the Ministry of Foreign and Home Trade and Telecommunications detained 60,908 articles such as CDs, DVDs and software in the same reporting period.³³

Table 3: The use of illegal software

Description	2011	2012	2013
Number of controls	319	555	573
Number of taxpayers where the use of legal software was identified	164	225	225
Number of taxpayers where the use of illegal software was identified	153	317	348
Number of taxpayers where the purchase of legal software was conducted	120	274	286
Number of taxpayers in the legalization procedure	26	35	45
Number of taxpayers where the charges for economic offences are filed	7	8	6
Number of taxpayers who have uninstalled software and purchased a legal copy during the control proceedings	–	12	11
Number of taxpayers where the violation of license right was identified – notification has been submitted to the BSA for the further proceedings	2	1	–

Source: Department for the Control of the Legality of Software Statistics, Tax Administration, Ministry of Finance

³² Data obtained from the Department for Protection of Intellectual Property Rights at the Customs Office, Ministry of Finance.

³³ Data obtained from the Section of Market Inspection, Ministry of Foreign and Home Trade and Telecommunications.

According to the findings of the BSA Global Software Piracy Studies for 2011 and 2010,³⁴ Serbia is categorized as a high piracy country.³⁵ However, due to the measures of authorized governmental institutions undertaken in the previous period, the Intellectual Property Office expects a drop in the piracy rate of 5% for the period 2012-2013 in the forthcoming study. As shown in the table below, the piracy rate in 2008 and 2010 was 74%, while it decreased by 2% in 2011. Nevertheless, the commercial value of unlicensed software increased.

Table 4: Piracy rates and commercial value of unlicensed software in Serbia

	2006	2007	2008	2009	2010	2011
Piracy rates	78	76	74	74	74	72
Commercial value of unlicensed software (\$M)	59	72	99	67	95	104

Source: Eighth and Ninth Annual BSA Global Software Piracy Studies (2011, 2012)

³⁴ The BSA Global Software Piracy Study contains 182 discrete data inputs for each of the 116 national economies studied. The study covers piracy of all software that runs on PCs, including desktops, laptops, and netbooks. It measures operating systems, systems software (such as databases and security packages), and applications software. Legitimate free software and open-source software are included. The next study will cover the 2012-2013 period.

³⁵ The term piracy generally means any illegal use of determined content, i.e. unlawful production, distribution, sale or any other type of unauthorized use of certain copyrighted works, without the author's permission or paid fees, legal licenses or legally permitted exceptions. See Kalezić, B., "Software Piracy in Serbia", *INFOtheca*, 1, vol. XI: 39a-51a, April 2010.

3. METHODOLOGY

The WIPO methodology is limited to surveying the economic contribution of the copyright-based industries and providing quantifiable characteristics of this contribution.³⁶ We should emphasize that the WIPO methodology attempts to reveal the entire economic contribution of the copyright-based industries. This implies taking into account all activities resulting from the multiple effects of copyright on the economy – those of the creators, the right holders, the distributors, users, equipment manufacturers, advertisers, etc. A number of the initial and even more recent studies are limited to the core industries.³⁷ According to the WIPO *Guidelines*, core industries are industries in which copyright and related rights have the greatest importance – press and literature, visual and graphic arts, music and theater, press, photography and motion pictures, but also radio and television, advertising, software. These industries, “as a category would not exist or would be significantly different without copyright in works or other subject matter” (WIPO, 2003), and they are built upon the so-called actions for creation of the contents and apply to the creation of art (books, paintings, sculptures, theater, motion pictures, musical works, art photography, etc.), computer programs, radio and television programs, advertising, etc. These activities make the greatest contribution to the added value generated by the respective industry. Consequently, all of the VA and employment generated in core copyright industries should be considered as copyright’s contribution to the economy.

In addition to the core copyright industries, the WIPO guidelines also define industries whose activity is related to (“non-core”) copyright industries to various degrees: interdependent, partial and non-dedicated support industries. As these industries are only partly engaged in copyright-related activities, only part of their employment and value added should be considered copyright related. In order to capture the fact that these industries are only partly engaged in copyright-related activities, each industry is assigned a copyright factor. This factor is used to scale down value added and employment with respect to the total contribution of these “non-core” copyright industries to the economy.

The scope of the WIPO *Guide* is limited to surveying the economic contribution of CBIs by considering the three key indicators of the size of these industries: the value added generated by CBI, their share in employment and their contribution to foreign trade. However, the methodology does not address other important aspects related to the functioning of copyright (e.g. the economic impact of copyright law, the valuation of the copyright assets of the corporate sector or the assessment of the effects of copyright piracy) that are left for additional research and methodological development (WIPO, 2003).

3.1 Steps

The first step was to prepare the list of the copyright- and related rights-based industries to be included in the study. We followed Annex I and III of the WIPO *Guide*, as well as several relevant country-specific studies.³⁸ However, previous studies relied on NACE Rev. 1.1 classification of economic activities, while due to availability of data, we had to rely on NACE Rev. 2 classification (see next section). The list was updated several times and adapted to the country-specific situation based on the feedback obtained from the SORS and additional research on the main economic activities of companies registered in the Business Registry.³⁹ The categorization of the copyright and related rights-based industries followed the methodology presented in the WIPO *Guide*. We also identified ten (shared) codes that had to be attributed to several copyright

³⁶ Readers not interested in methodology may wish to skip this section.

³⁷ For the most recent assessment of IPR related industries in the EU (including core copyright industries) see the European Patent Office and the Office for Harmonization in the Internal Market, “Intellectual property rights intensive industries: contribution to economic performance and employment in the European Union Industry-Level Analysis Report”, September 2013, available at http://ec.europa.eu/internal_market/intellectual-property/docs/joint-report-epo-ohim-final-version_en.pdf. The other recent adoption of the WIPO methodology was by the USPTO in its 2012 study, available at http://www.uspto.gov/news/publications/IP_Report_March_2012.pdf. The USPTO study used a narrow approach in defining the industries that could be defined as core copyright-intensive, considering only the industries primarily responsible for the creation and production of copyrighted materials.

³⁸ *The Economic Contribution of Copyright-Based Industries in Bulgaria, Report, May 2007; The Economic Contribution of Copyright-Based Industries in Lithuania, Report, August, 2012; The Economic Contribution of Copyright-Based Industries in Slovenia, Report, March, 2010.*

³⁹ The Register of Financial Statements and Data on Solvency of Legal Entities and Entrepreneurs is a central, public, electronic database of financial statements and data on solvency of legal entities and entrepreneurs that operates within the Business Registration Agency.

industries, and WIPO experts provided additional consultation on shared codes and how to share them among corresponding industries as well as other valuable inputs.

Based on the list of economic activities, the next step was to collect the data and perform data imputations when necessary. As in the other studies, the data were disaggregated to the required (4 digit) level of detail. The third step was to calculate the contribution of the CBIs to gross value added, GDP, employment, and foreign trade. As stated in the introduction, the study followed the GVA approach by measuring value added at basic prices.⁴⁰ Information about net taxes on products is available only at the level of the two-digit "NACE code which is too aggregated for copyright industry analysis".⁴¹ Thus, we had to establish the value added at market prices at the NACE four-digit level and, consequently, for copyright-based industry groups.⁴² Due to data limitations, we had to rely on the supply and use tables for 2008 that are publicly available from the eurostat database.⁴³

3.2 List of Copyright Activities

As stated in the introduction to this section, grouping of copyright and related-rights activities is provided in the WIPO guide. The WIPO Guide provides a list in its Annex II (ISIC Rev.3.1) and Annex III (NACE Rev. 1.1. version). The list contains four types that cluster economic activities according to the extent to which they can be identified with the copyright and related rights. These are:

- The core copyright industries are industries that are wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter. The core copyright group is divided into nine groups – press and literature; music, theatrical productions, operas; motion picture and video; radio and television; photography; software and databases, visual and graphic arts; advertising services; and copyright collecting societies.
- The interdependent copyright industries are industries that are engaged in the production, manufacture and sale of equipment whose function is wholly or primarily to facilitate the creation, production or use of works and other protected subject matter. The interdependent copyright industries include production, wholesale and retail of TV sets, radios, VCRs, CDs, DVDs and cassette players, electronic games and other similar equipment; computers and computer equipment, musical instruments; photographic and cinematographic instruments; photocopiers; blank recording material; and paper.
- The partial copyright industries are industries in which a portion of the activities is related to works and other protected subject matter and may involve creation, production and manufacturing, performance, broadcast, communication and exhibition or distribution and sales. The partial copyright industries include activities related to apparel, textiles and footwear; jewelry and coins; other crafts; furniture, household goods, china and glass; wall coverings and carpets; toys and games; architecture, engineering and surveying; interior design; and museums.
- The non-dedicated support industries are industries in which a portion of the activities is related to facilitating broadcast, communication, distribution or sales of works and other protected subject matter, and whose activities have not been included in the core copyright industries. These industries include general wholesale and retailing, general transportation, and telephony and the Internet.

Thus, the basic unit of analysis in this study is the industry, as defined in the Unique Classification of Activities of the Republic of Serbia ("Jedinstvena klasifikacija delatnosti – JKD 2010") which is identical to the NACE

⁴⁰ As noted in the Lithuanian study "...value added was measured at basic prices or, similarly, at market prices, excluding net taxes on products (taxes minus subsidies). The chosen approach better reflects the value added aspect important to copyright industry, because some copyright sectors are heavily subsidized by the government. If subsidies are high, then they reduce a market price accordingly. This would distort the measurement of the value added that is created."

⁴¹ Ibid.

⁴² We have followed the approach used in the Lithuanian study and assumed that net taxes on products and non-deductible VAT are homogeneously distributed among four-digit codes sharing the same first two digits. Thus, the share of net taxes allocated to four-digit economic activity depends on the value added share of the four-digit activity with respect to the value added at the two-digit level. To obtain necessary weights, i.e. to derive GDP contribution shares from GVA contribution, we used EU averages for taxes less subsidies on products.

⁴³ Supply and Use Tables and Symmetric Input-Output Tables cover 27 EU member states. The database is available at http://epp.eurostat.ec.europa.eu/portal/page/portal/esa95_supply_use_input_tables/data/workbooks/EU27_SIoT_2008_4dedicatedsection.xlsx.

Rev. 2 classification used by EUROSTAT.⁴⁴ Serbian classification is divided into 22 sections, which are further subdivided into 88 divisions (often referred to as the 2-digit level), 272 groups (3-digit level) and 615 classes (4-digit level).⁴⁵ An example of the hierarchical structure of the classification is provided in Figure 1.

Data based on NACE Rev. 2 classification are available for the more recent statistical series, and the recently completed survey “Structure of operational income and costs of legal entities and unincorporated enterprises” represents the first step in the creation of supply and use tables for Serbia.⁴⁶ As there are no readily available back-cast time series (for the last three years) based on NACE Rev. 1.1 classification, the Serbian study had to rely on the newer NACE Rev. 2 classification. However, to improve comparability and control the consistency of obtained results, the study provides 2008 (as a reference year for dual coding) estimates for both classifications. On the one hand, this will make international comparisons of the Serbian copyright economy less comparable. On the other hand, this forced methodological choice still allows for examination of development of CBIs’ contributions to the Serbian economy, throughout the last business cycle. Also, this methodological choice will make the results of the study easily comparable with a follow-up study of the Serbian CBIs. The alternative was to use data up until 2008, but the team concluded that this study would be of little relevance for policy makers and other stakeholders.

The Serbian study is the first to base its estimates on NACE Rev. 2 classification. To do so required the laborious task of finding adequate correspondence between old and new classifications and filling in the remaining gaps. Correspondence tables are necessary tools when the classification changes over time. We used EUROSTAT’s correspondence tables that describe detailed changes that have taken place in the revision process. However, there is no straightforward equivalence between the NACE Rev. 1.1 and NACE Rev. 2 classifications.⁴⁷

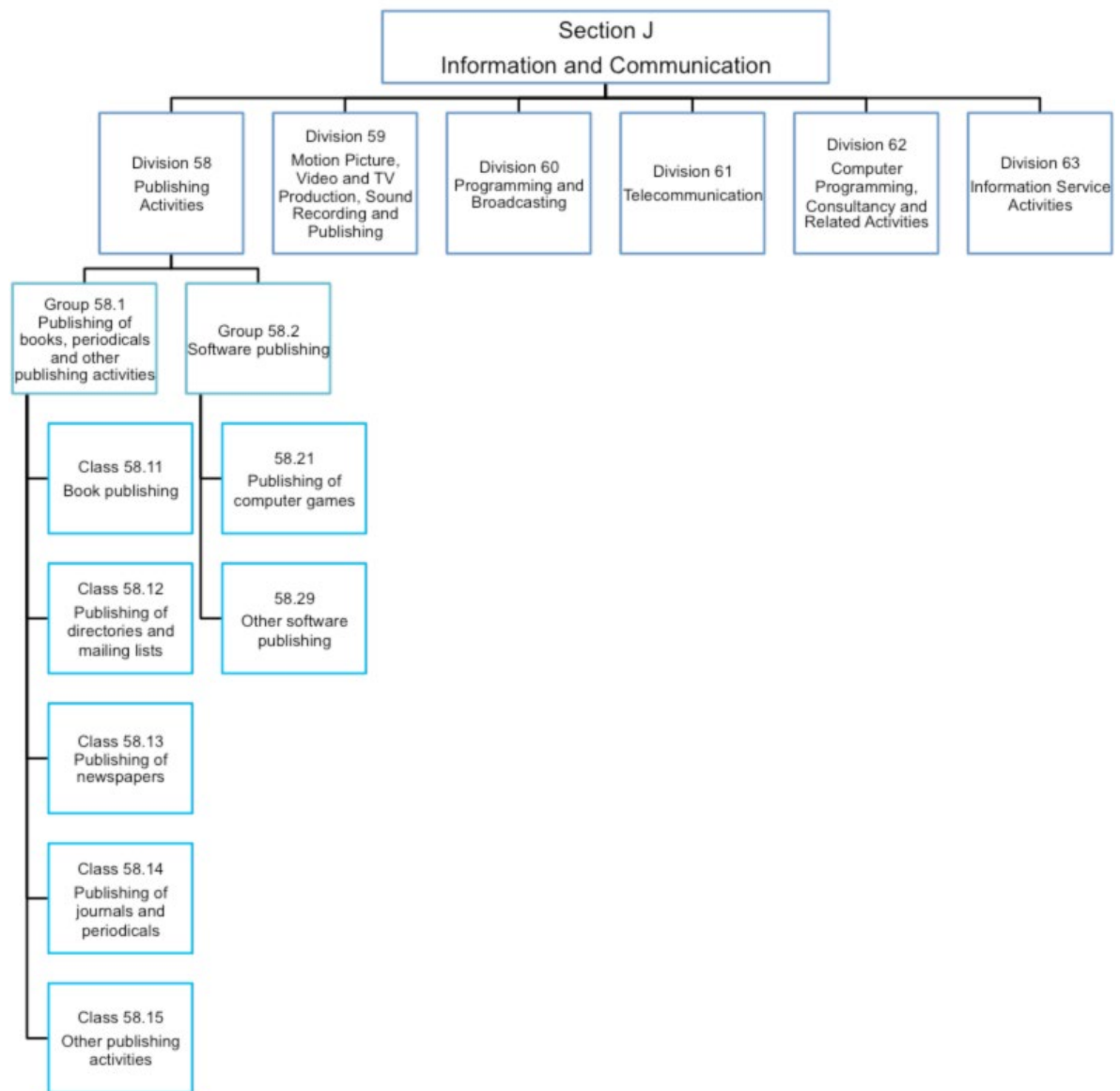
⁴⁴ With respect to the classification of activities, the Republic of Serbia has adopted the standards of the European statistical system. The classification of activities is prescribed by the Law on Classification of Activities (“RS Official Gazette”, no. 104/09) and the related Decree of the Government from July 29th, 2010 (“Official Gazette of RS”, no. 54/10). The decree provides detailed descriptions for each category of classification, including lists of products or services that do not belong to a particular category. The classification of activities is, without any changes, a translation of the standard classification of activities of the EU, i.e. NACE Rev. 2 (Regulation of the European Parliament and the Council no. 1893/2006).

⁴⁵ In Serbia the company identification code is assigned to a business entity upon registration by the Statistical Office of Serbia. The company code also serves as the registration number. Simultaneously, the company registers its prevailing activity (but it can also carry on all other business). In practice, the main business activity sometimes does not reflect the real business of the company, or companies are often changing their main activity code.

⁴⁶ The objective of the survey was to compile the data required for calculating production and technical coefficients needed for the creation of supply and use tables, on which any further development of input-output statistics will be based.

⁴⁷ See eurostat, “Statistical classification of economic activities in the European Community”, eurostat Methodologies and Working Papers, (2008), available at http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-015/EN/KS-RA-07-015-EN.PDF.

Figure 1: An example of the hierarchical structure of the classification



The previous version (NACE Rev. 1.1) had 17 sections and 62 divisions, while the new version (NACE Rev. 2) has 22 sections and 88 divisions. At the highest level of NACE, most sections can be easily compared with the previous version of the classification. However, the introduction of some new concepts at the section level makes overall comparisons between the two versions almost unmanageable. Above all, there is lack of one-to-one correspondence between the two classifications, especially for copyright-based activities. Several NACE Rev. 2 codes might correspond to one NACE Rev. 1.1 code, and *vice versa*. Furthermore, the detail of the classification has substantially increased. Therefore, in order to create the final list of copyright-intensive industries on the basis of the NACE Rev. 1.1 classification, it was necessary to carry out a detailed analysis of the NACE Rev. 2 description of the industries in order to determine which industry codes provided the closest match. For the purpose of this study, the complete detailed correspondences table for NACE Rev. 2 and NACE Rev. 1.1 are presented in the Annex.⁴⁸ However, we should note that a classification of economic activities is independent from CBIs, and in both cases several economic activities fall into several categories, and their contribution is divided using adequate sharing patterns that we describe in the next section.

⁴⁸ As a result, the Serbian study includes 163 classes, compared to 140 classes in the Lithuanian study, and even more compared to other studies based on the old classification.

In addition, based on interviews and assessments of companies, we decided either to add or to exclude specific activities (e.g. we decided to include photocopying, document preparation and other specialized office support activities as basically all registered companies' activities that are completely related to copyright and related rights). Finally, we should note that the activity codes selected by companies are quite often wrong, and correcting them is very difficult. Whenever feasible, we made appropriate corrections (e.g. in the case of several large TV stations registered as cable telecommunications companies).

Table 5: List of activities⁴⁹

CBI	GROUP ⁵⁰	JKD 2010 (NACE Rev. 2)		CLASS
Core Copyright Industries	I.1 Press and literature	58.11	Book publishing	
		58.12	Publishing of directories and mailing lists	
		58.13	Publishing of newspapers	
		58.14	Publishing of journals and periodicals	
		58.19	Other publishing activities	
		18.11	Printing of newspapers	
		18.12	Other printing	
		18.14	Binding and related services	
		18.13	Pre-press and pre-media services	
		47.61	Retail sale of books in specialized stores	
		47.62	Retail sale of newspapers and stationery in specialized stores	
		47.79	Retail sale of second-hand goods in stores	
		74.30	Translation and interpretation activities	
		63.91	News agency activities	
		90.03	Artistic creation	
		91.01	Library and archives activities	
	82.19	Photocopying, document preparation and other specialized office support activities		
	I.2 Music, theater, opera	59.20	Sound recording and music publishing activities	
		18.20	Reproduction of recorded media	
		47.43	Retail sale of audio and video equipment in specialized stores	
		47.63	Retail sale of music and video recordings in specialized stores	
		46.43	Wholesale of electrical household appliances	
		90.01	Performing arts	
		90.04	Operation of arts facilities	
		93.29	Other amusement and recreation activities	
	90.02	Support activities to performing arts		

⁴⁹ For a more detailed description of activities see Annex 1.

⁵⁰ The "roman numerals" in the table are used to identify categories and groups of industries throughout the study.

Table 5: List of activities (continued)

CBI	GROUP	JKD 2010 (NACE Rev. 2)	CLASS
Core Copyright Industries (continued)	I.3 Motion picture and video	59.11	Motion picture, video and television program production activities
		59.12	Motion picture, video and television program post-production activities
		59.13	Motion picture, video and television program distribution activities
		59.14	Motion picture projection activities
		77.22	Renting of video tapes and disks
		46.43	Wholesale of electrical household appliances
		47.43	Retail sale of audio and video equipment in specialized stores
		18.20	Reproduction of recorded media
	I.4 Photography	74.20	Photographic activities
	I.5 Visual and graphic arts	90.03	Artistic creation
		91.02	Museums activities
	I.6 Radio and TV	59.11	Motion picture, video and television program production activities
		59.12	Motion picture, video and television program post-production activities
		60.10	Radio broadcasting
		60.20	Television programming and broadcasting activities
	I.7 Software and databases	18.20	Reproduction of recorded media
		58.21	Publishing of computer games
		58.29	Other software publishing
		62.01	Computer programming activities
		62.02	Computer consultancy activities
		62.09	Other information technology and computer service activities
	I.8 Advertising services	63.11	Data processing, hosting and related activities
		73.11	Advertising agencies
	73.12	Media representation	
I.9 Collective societies	n..a.	Collective societies	

Table 5: List of activities (continued)

CBI	GROUP	JKD 2010 (NACE Rev. 2)	CLASS
Interdependent Copyright Industries	II.1 TV Sets, Radios, VCRs, [...] and Other Similar Equipment	26.40	Manufacture of consumer electronics
		46.43	Wholesale of electrical household appliances
		47.43	Retail sale of audio and video equipment in specialized stores
	II.2 Computers and equipment	26.20	Manufacture of computers and other information-processing equipment
		46.51	Wholesale of computers, computer peripheral equipment and software
		46.52	Wholesale of electronic and telecommunications equipment and parts
		77.33	Renting and leasing of office machinery and equipment (including computers)
	II. 3 Photocopiers	28.23	Manufacture of office machinery
	II. 4 Musical instruments	32.20	Manufacture of musical instruments
	II. 5 Photographic and cinematographic instruments	26.70	Manufacture of optical instruments and photographic equipment
		46.43	Wholesale of electrical household appliances
	II. 6 Blank recording material	26.80	Manufacture of magnetic and optical media
	II. 7 Paper	17.11	Manufacture of pulp
		17.12	Manufacture of paper and paperboard
		28.95	Manufacture of machinery for paper and paperboard production
46.76		Wholesale of other intermediate products	
47.62		Retail sale of newspapers and stationery in specialized stores	

Table 5: List of activities (continued)

CBI	GROUP	JKD 2010 (NACE Rev. 2)	CLASS
Partial Copyright Industries	III. 1 Apparel, textiles and footwear	13.10	Preparation and spinning of textile fibers
		13.20	Weaving of textiles
		13.30	Finishing of textiles
		13.92	Manufacture of made-up textile articles, except apparel
		13.91	Manufacture of knitted and crocheted fabrics
		14.31	Manufacture of knitted and crocheted hosiery
		14.39	Manufacture of other knitted and crocheted apparel
		14.11	Manufacture of leather clothes
		14.12	Manufacture of work wear
		14.13	Manufacture of other outerwear
		14.14	Manufacture of underwear
		14.19	Manufacture of other wearing apparel and accessories
		15.11	Tanning and dressing of leather; dressing and dyeing of fur
		15.12	Manufacture of luggage, handbags and the like, saddlery and harness
		15.20	Manufacture of footwear
		46.64	Wholesale of machinery for the textile industry and of sewing and knitting machines
		46.42	Wholesale of clothing and footwear
		47.51	Retail sale of textiles in specialized stores
	47.71	Retail sale of clothing in specialized stores	
	47.72	Retail sale of footwear and leather goods in specialized stores	
	III. 2 Jewelry and coins	32.11	Striking of coins
		32.12	Manufacture of jewelry and related articles
		32.13	Manufacture of imitation jewelry and related articles
		47.77	Retail sale of watches and jewelry in specialized stores
	III. 3 Other crafts	32.99	Other manufacturing n.e.c.
	III. 4 Furniture	31.01	Manufacture of office and shop furniture
		31.02	Manufacture of kitchen furniture
		31.09	Manufacture of other furniture
31.03		Manufacture of mattresses	
47.59		Retail sale of furniture, lighting equipment and other household articles in specialized stores	
16.29		Manufacture of other wood products; manufacture of articles of cork, straw and plaiting materials	

Table 5: List of activities (continued)

CBI	GROUP	JKD 2010 (NACE Rev. 2)	CLASS
Partial Copyright Industries (continued)	III. 5 Household goods, china and glass	23.11	Manufacture of flat glass
		23.12	Shaping and processing of flat glass
		23.13	Manufacture of hollow glass
		23.14	Manufacture of glass fibers
		23.19	Manufacture and processing of other glass, including technical glassware
		23.20	Manufacture of refractory products
		23.41	Manufacture of ceramic household and ornamental articles
		23.42	Manufacture of ceramic sanitary fixtures
		23.43	Manufacture of ceramic insulators and insulating fittings
		23.44	Manufacture of other technical ceramic products
		23.49	Manufacture of other ceramic products
		25.99	Manufacture of other fabricated metal products n.e.c.
		27.40	Manufacture of electric lighting equipment
	III. 6 Wall coverings and carpets	13.93	Manufacture of carpets and rugs
		17.24	Manufacture of wallpaper
		17.29	Manufacture of other articles of paper and paperboard
		47.53	Retail sale of carpets, rugs, wall and floor coverings in specialized stores
		47.19	Other retail sale in non-specialized stores
	III. 7 Toys	32.40	Manufacture of games and toys
		47.65	Retail sale of games and toys in specialized stores
	III. 8 Architecture, Engineering, surveying	71.11	Architectural activities
		71.12	Engineering activities and related technical consultancy
	III. 9 Interior design	74.10	Specialized design activities
	III. 10 Museums	91.02	Museums activities

Table 5: List of activities (continued)

CBI	GROUP	JKD 2010 (NACE Rev. 2)	CLASS
Non-dedicated Support Industries	IV. 1 General wholesale and retailing	46.11	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods
		46.12	Agents involved in the sale of fuels, ores, metals and industrial chemicals
		46.13	Agents involved in the sale of timber and building materials
		46.14	Agents involved in the sale of machinery, industrial equipment, ships and aircraft
		46.15	Agents involved in the sale of furniture, household goods, hardware and ironmongery
		46.16	Agents involved in the sale of textiles, clothing, fur, footwear and leather goods
		46.17	Agents involved in the sale of food, beverages and tobacco
		46.18	Agents specialized in the sale of other particular products
		46.19	Agents involved in the sale of a variety of goods
		46.41	Wholesale of textiles
		46.43	Wholesale of electrical household appliances
		46.44	Wholesale of china and glassware and cleaning materials
		46.45	Wholesale of perfume and cosmetics
		46.46	Wholesale of pharmaceutical goods
		46.47	Wholesale of furniture, carpets and lighting equipment
		46.48	Wholesale of watches and jewelry
		46.49	Wholesale of other household goods
		46.52	Wholesale of electronic and telecommunications equipment and parts
		46.61	Wholesale of agricultural machinery, equipment and supplies
		46.62	Wholesale of machine tools
		46.63	Wholesale of mining, construction and civil engineering machinery
		46.64	Wholesale of machinery for the textile industry and of sewing and knitting machines
		46.69	Wholesale of other machinery and equipment
		46.73	Wholesale of wood, construction materials and sanitary equipment
		46.90	Non-specialized wholesale trade
		47.11	Retail sale in non-specialized stores selling predominantly food, beverages or tobacco
		47.19	Other retail sale in non-specialized stores
		47.54	Retail sale of electrical household appliances in specialized stores
		47.78	Other retail sale of new goods in specialized stores
		47.79	Retail sale of second-hand goods in stores
47.89	Retail sale via stalls and markets		
47.91	Retail sale via mail-order houses		
47.99	Other non-store retail sale		

Table 5: List of activities (continued)

CBI	GROUP	JKD 2010 (NACE Rev. 2)	CLASS
Non-dedicated Support Industries (continued)	IV. 2 General transportation	49.10	Passenger rail transport, interurban
		49.20	Freight rail transport
		49.31	Urban and suburban passenger land transport
		49.32	Taxi operation
		49.39	Other passenger land transport n.e.c.
		49.41	Freight transport by road
		50.30	Inland passenger water transport
		50.40	Inland freight water transport
		51.10	Passenger air transport
		51.21	Freight air transport
		52.10	Warehousing and storage
		52.21	Service activities incidental to land transportation
		52.22	Service activities incidental to water transportation
		52.23	Service activities incidental to air transportation
		52.24	Cargo handling
		52.29	Other transportation support activities
		53.10	Postal activities under universal service obligation
	53.20	Other postal and courier activities	
	79.11	Travel agency activities	
	IV.3 Telephony and internet	61.10	Wired telecommunications activities
61.20		Wireless telecommunications activities	
61.30		Satellite telecommunications activities	
61.90		Other telecommunications activities	

3.3 Shared Activities

This section provides an overview of the methodology for establishing the relative weight of activities related to copyright in the mixed or undifferentiated codes in which the relevant copyright-related economic activities have been bundled with other activities unrelated to copyright. In the first step, twelve mixed or undifferentiated codes that do not allow for a precise specification of the economic contribution of sectors based on copyright and neighboring rights were identified and examined. In the next step, the weights (attribution factors), which allocate the appropriate percentage contribution to each group, were derived.⁵¹ These mixed or undifferentiated codes that had to be attributed to several copyright industries are referred to as shared in this study.⁵² As the shared activities constitute only a small fraction of overall copyright activities, there was no particular need to derive separate copyright estimates for each year.

Because the study focuses on the value added and employment measures, it is recommended to estimate two separate attribution factors (one for the share for GVA and another for the employment). However, we had to obtain separate attribution factors for value added and employment only in one case. For the foreign trade measure, the value added sharing factors were applied. The methodology used in weighting the data by each code is described below.

⁵¹ As stated in the Lithuanian study, this approach is consistent with the WIPO Guide Annex I, even though it is not explicit in Annex III of the WIPO Guide.

⁵² Similarly, codes attributed to single industry are referred to as single in this study.

3.3.1 Attribution of NACE Rev. 2 Code 18.20 Reproduction of recorded media

Code 18.20 – Reproduction of recorded media aggregates several NACE Rev. 1.1 codes (22.31, 22.32 and 22.33). Reproduction of recorded media includes three previously separate codes: reproduction from master copies of a) gramophone records, compact discs and tapes with music or other sound recordings; b) records, compact discs and tapes with motion pictures and other video recordings; and c) software and data on discs and tapes. Due to the aggregation of several old codes, code 18.20 is incompatible with copyright analysis needs and has to be shared. To allocate shares we used 2008 data based on NACE Rev. 1.1. Code 18.20 is the only code for which we had to obtain separate attribution factors for GVA and employment.

Table 6: Attribution of NACE Rev. 2 Code 18.20 Reproduction of recorded media

NACE Rev. 2 Activity Description		NACE Rev. 1.1 Activity Description		2008 Distribution		Allocation
				GVA	Employment	
18.2	Reproduction of recorded media	22.31	Reproduction of sound recording	46%	23%	I.2
		22.32	Reproduction of video recording	2%	4%	I.3
		22.33	Reproduction of computer media	52%	73%	I.6

3.3.2 Attribution of NACE Rev. 2 Code 46.43 Wholesale of electrical household appliances

Code 46.43 Wholesale of electrical household appliances includes the wholesale of products that are related to several groups: a) wholesale of electrical household appliances; b) wholesale of radio and television equipment; c) wholesale of photographic and optical goods; d) wholesale of electrical heating appliances; and e) wholesale of recorded audio and video tapes, CDs, DVDs. Code 46.43 in NACE Rev. 2 is related to NACE Rev. 1.1 code 51.43 Wholesale of electrical household appliances and radio and television goods, and code 51.47 Wholesale of other household goods included the wholesale of photographic and optical goods.⁵³

In determining the ratio of value distribution of mixed code 46.43 between I.2, I.3, II.1 and II.4, we used results from the Bulgarian and the Lithuanian study, and the ratio in sales volume of the respective groups of goods according to data on trade turnover by goods groupings.⁵⁴ As previously stated, we did not calculate different sharing factors for GVA and employment.

Table 7: Attribution of NACE Rev. 2 Code 46.43 Wholesale of electrical household appliances

Activity Description	Allocation					Total
	I.2	I.3	II.1	II.4	IV.1	
NACE Rev. 1.1 (Redistribution in Bulgarian and Lithuanian studies)						
51.43 Wholesale of electrical household appliances and radio and television goods	0.6	0.6	33.8	–	65.0	100.0
NACE Rev. 2 (Redistribution in Serbian study)						
46.43 Wholesale of electrical household appliances	0.8	0.8	33.0	2.0	63.4	100.0

3.3.3 Attribution of NACE Rev. 2 Codes 47.43 Retail sale of audio and video equipment in specialized stores and 47.63 Retail sale of music and video recordings in specialized stores

Code 47.43 Retail sale of audio and video equipment in specialized stores also includes three subgroups: retail sale of radio and television equipment, retail sale of audio and video equipment, retail sale of CDs, DVDs and other players and recorders. Similarly, code 47.63 includes three subgroups: retail sale of musical records, audio tapes, compact discs and cassettes, retail sale of video tapes and DVDs, and retail sale of blank tapes

⁵³ However, code 51.43 was further divided – code 46.47 absorbed wholesale of lighting equipment, while code 46.52 absorbed blank audio and video tapes, diskettes, CDs and DVDs.

⁵⁴ See http://webbrzs.stat.gov.rs/WebSite/repository/documents/00/01/17/78/13_Unutrasnja_trgovina.pdf.

and discs. These two codes are closely related to NACE Rev. 1.1 code 52.45 Retail sale of electrical household appliances and radio and television goods. However, these two codes are better suited to the needs of copyright economic analysis. In 2008 and 2010, for code 47.63 there were no companies or entrepreneurs registered, and in the year 2012 only one entrepreneur who submitted financial statements was registered. Consequently, we decided to share GVA only for code 47.43.

Table 8: Attribution of NACE Rev. 2 Code 47.43 Retail sale of audio and video equipment in specialized stores

NACE Rev. 1.1	Activity Description	NACE Rev. 2	Activity Description	Allocation (Group)		
52.45	Retail sale of electrical household appliances and radio and television goods	47.43	Retail sale of audio and video equipment in specialized stores	15% (I.2)	15% (I.3)	70% (II 1)
		47.54	Retail sale of electrical household appliances in specialized stores			
		47.59	Retail sale of furniture, lighting equipment and other household articles in specialized stores			
		47.63	Retail sale of music and video recordings in specialized stores	-	-	-

A closer inspection of businesses engaged in the retail sale of compact discs, DVDs and other media showed that they are registered under 47.43. Consequently, we have decided to allocate 47.43 to three groups: 15% to I.2 music, opera and theater; 15% to I.3 motion, picture and video; and 70% to II.1 TV sets, radios, VCRs, and other similar equipment.

3.3.4 Attribution of NACE Rev. 2 Code 47.79 – Retail sale of second-hand goods in shops

Code 47.79 – Retail sale of second-hand goods in shops – covers four subgroups: sale of second-hand books; sale of other second-hand articles; sale of antiques; and activities of auctioning houses. The analysis of the companies shows that they are mainly shops that sell second-hand clothes. Based on the SORS expert assessment, we decided to attribute to the first group – sale of second-hand books, 10% of value added under this code, which is included in the book-publishing and printing sector of the core copyright-based industries. The remaining 90% share of value added under code 52.50 is included in the total wholesale and retail in the group of non-specialized, supporting industries.⁵⁵

3.3.5 Attribution of NACE Rev. 2 Codes 59.11 – Motion picture, video and television program production activities and 59.12 – Motion picture, video and television program post-production activities

While the new treatment of information and communication activities in NACE Rev. 2 provides a more consistent approach than the previous version of NACE, some codes now need to be shared. For instance, NACE Rev. 2 code 59.11 compared to NACE Rev. 1.1 code 92.11 merges two activities. In addition to motion picture and video production, code 59.11 also includes television program production activities. Thus, there is a need to determine attribution factors for groups I.3 and I.4. Again we rely on comparative data, i.e. available data based on NACE Rev. 1.1 for 2008. To obtain value containing only television-related activities, from the GVA obtained for NACE Rev. 1.1 code 92.2 radio and television activities, we deduct GVA NACE Rev. 2 Code 60.1 Radio Broadcasting. This allows us to obtain proxy values for NACE Rev. 2 code 59.11 and respective allocations.

⁵⁵ Unlike Bulgaria and Lithuania, we decided not to add 10% to the value added to the group covering sale of antiques (included in museums within the partial copyright industries).

Table 9: Attribution of NACE Rev. 2 Code 59.11 – Motion picture, video and TV program production activities

		NACE Code and Name		Value RSD,000	Allocation (Group)
A	Rev. 1.1	92.11	Motion picture and video production	752,940	45.5% (I.3)
B	Rev. 1.1	92.2	Radio and television activities	1,369,436	
C	Rev. 2	60.1	Radio broadcasting	466,215	
D=B-C			Television activities	903,221	54.5% (I.4)
A+D	Rev. 2	59.11	Motion picture, video and television program production activities		100%

We applied the same approach for code 59.12 – Motion picture, video and television program post-production activities.

3.3.6 Attribution of NACE Rev. 2 Code 90.03 – Artistic creation

The activities under this code fall under two major copyright groups: (1) publishing and printing and (2) visual and graphic arts. More specifically, this class includes the activities of individual artists (such as sculptors, painters, cartoonists, engravers, etchers, etc.), activities of individual writers (including fictional writing, technical writing, etc.), activities of independent journalists, and the restoration of works of art such as paintings, etc.

Code 90.03 – Artistic creation – absorbed part of NACE Rev 1.1 code 92.31 Artistic and literary creation and interpretation and code 92.4 News agency activities. Code 90.03 is less incompatible with copyright analysis needs compared to NACE Rev 1.1 code 92.31 Artistic and literary creation and interpretation (NACE Rev. 2 split this into three codes – 90.01 Performing arts, 90.02 Support activities to performing arts, and 90.03 Artistic creation). Thus, the new classification partly resolved allocation issues, as both 90.01 and 90.02 are allocated to I.2 music, theater and opera. To allocate 90.03 we relied on expert assessment from the Statistical Office and allocated 60% to I.1 and 40% to I.7. Again, we apply the same attribution factors for employment and GVA.

Table 10: Attribution of NACE Rev. 2 Code 90.03 Artistic creation

NACE Rev. 1.1	Activity Description	NACE Rev. 2	Activity Description	Allocation (Group)	Allocation (Group)
92.31	Artistic and literary creation and interpretation	90.01	Performing arts	100% (I.2)	
		90.02	Support activities to performing arts	100% (I.2)	
		90.03	Artistic creation	60% (I.1)	40% (I.7)

3.3.7 Attribution of Code NACE Rev. 2 91.02 – Museum activities

The data contained in NACE Rev. 2 code 91.02 mostly apply to museums. At the same time, this code classifies into a single group museums and galleries, which under WIPO's classification fall under visual and graphic arts. We should note that unlike NACE Rev. 1.1 code 92.52, NACE Rev. 2 code 91.02 does not contain activities connected with maintaining national heritage sites. The expert assessment of the activities under this code shows that it contains information mainly about state-run museums, and only a small number of private (or non-state) galleries. According to the expert assessments, revenue of these cultural institutions does not exceed 10% of the total income of cultural institutions.

3.3.8 Attribution of other NACE Rev. 2 Codes

Based on expert opinions and inputs from the Statistical Office, we decided to share some other activities, e.g. 46.52 wholesale of electronic and telecommunications equipment and parts, and 47.62 retail sale of newspapers and stationery in specialized stores.

Finally, we need to state that for some codes, the allocation was rather cumbersome, and due to the lack of data we decided to treat these codes as single and not shared. For example, code 47.78 Other retail sale of new goods in specialized stores includes retail sale of photographic, optical and precision equipment; activities of commercial art galleries; activities of opticians; retail trade services of commercial art galleries; retail sale of souvenirs; retail sale of stamps and coins craftwork and religious articles; retail sale of household fuel oil, bottled gas, coal and fuel wood; retail sale of weapons and ammunition; and retail sale of non-food products n.e.c.

Similarly, code 47.19 includes the retail sale of a large variety of goods of which food products, beverages or tobacco are not predominant, and activities of department stores carrying a general line of merchandise, including wearing apparel, furniture, appliances, hardware, cosmetics, jewelry, toys, sports goods, etc. As NACE Rev. 2 code 47.19 is identical to NACE Rev. 1.1. code 52.12 other retail sale in non-specialized stores, we use the same approach and do not attribute code 47.19 to more groups, but as suggested in the Bulgarian and Lithuanian studies, we attribute this code to IV.1 general wholesale and retailing only. Allocation of code 47.19 to several groups within partial copyright industries would be too cumbersome and unreliable.

Table 11 presents the Serbian estimates of shared economic activities applied to the ten shared economic activities.

Table 11: Summary of shared activities and GVA attribution factors

NACE Rev. 2 Code Description		Group Attribution Factors (%)				
18.20	Reproduction of video recording	I.2 (46.0%)	I.3 (2.0%)	I.6 (52.0%)		
46.43	Wholesale of electrical household appliances	I.2 (0.8%)	I.3 (0.8%)	II.1 (33.0%)	II.4 (2.0%)	IV.1 (63.4%)
46.52	Wholesale of electronic and telecommunications equipment and parts	II.2 (95%)	IV.1 (5%)			
47.43	Retail sale of audio and video equipment in specialized stores	I.2 (15%)	I.3 (15%)	II.1 (70%)		
47.62	Retail sale of newspapers and stationery in specialized stores	I.1 (90%)	II.7 (10%)			
47.79	Retail sale of second-hand goods in stores	I.1 (10%)	IV.1 (90%)			
59.11	Motion picture, video and television program production activities	I.3 (45.5%)	I.4 (54.5%)			
59.12	Motion picture, video and television program post-production activities	I.3 (45.5%)	I.4 (54.5%)			
90.03	Artistic creation	I.1 (60%)	I.7 (40%)			
91.02	Museums activities	I.7 (10%)	III.10 (90%)			

3.4 Copyright Factors

To measure the economic contribution of the copyright-based industries, the WIPO methodology introduces the **copyright factors**, defined as “the weighting of the portion of a specific industry that can be attributed to copyright or the level of dependence on copyright has been referred to in some of the surveys as the copyright factor. It has to be done in relation to all industries that are not core copyright-based industries

where the contribution will be counted as 100%".⁵⁶ The values of the main economic indicators – value added, numbers of employees, and foreign trade – are multiplied by this percentage. Guidelines for establishing copyright factors may be sought from studies conducted in other countries that have undertaken similar studies based on the *WIPO Guide*.

The copyright factors for economic activities used in this study follow the methodological recommendations described in the *WIPO Guide* in general and the specific findings of the Lithuanian, Bulgarian and in some cases Slovenian and Croatian copyright studies commissioned by WIPO. The choice of these studies was based on the geographical proximity and/or economic resemblance to the Serbian economy. We should note that due to limited funding, this study could not conduct specifically targeted surveys in order to establish copyright factors.

We use the following copyright factor approach for specific groups:

- **The copyright factors for core and interdependent copyright groups were taken as equal to 1.** For the interdependent group, we follow the approach adopted in other countries and use a copyright factor of 1, as these industries are closely integrated in the creation, distribution and use of the products of the core copyright industries and a large part of the value added that they create is directly related to those industries. More specifically, one approach was taken in the Hungarian study. This study took all interdependent industries as 100% dependent on copyright based on expert assessments. The other approach was taken in the Singaporean study. This study used copyright factors that varied between 20 and 35 percent. One criticism of the Hungarian study is that including interdependent copyright industries up to 100% leads to less valid results in terms of content, because some industries in this category clearly have a wider scope than focusing on solely copyright-based activities. The study conducted in the Netherlands used the same copyright factors as the Singaporean study.
- **The copyright factors for the partial copyright group were smaller than 1, as it should be according to the definition of the partial copyright group.** In some cases we follow the Lithuanian, Bulgarian or Slovenian shares, while, where possible, we provide our calculations based on an estimate. However, due to country specifics, we decided to provide estimates based on expert assessment for interior design and architecture because the copyright factors for those industries in other studies were not considered to be relevant for Serbia.
- **The copyright factors for the non-dedicated support industries are estimated for each year separately.** Following the recommendation in the *WIPO Guide*, the value added of the first three groups was divided by the gross value added minus the value added of the non-dedicated support industry. We use the following equation to compute the copyright factor for the non-dedicated support industries:⁵⁷

NDSI Copyright Factor = Value Added for CCI, ICI & PCINon-distribution GVA (1)

The non-distribution GVA in Equation (1) is given by GVA minus NDSI value-added (general transportation, general wholesale and retail and telephony and internet) plus value-added of distribution industries in the core, interdependent and partial sub-sectors (e.g. wholesale and retail of press and literature – book stores, newsstands, etc.) The obtained NDSI copyright factor was applied for employment and foreign trade of non-dedicated support industries, as well as for GDP-related estimates.

⁵⁶ WIPO Guide, p.57.

⁵⁷ See "The Economic Contribution of Copyright-Based Industries in Singapore", which was one of the first published reports to use the *WIPO Guide* (2003). The formula was adopted at the Experts Meeting in Singapore in October 2008.

Table 12 presents a comparison of selected factors for the partial copyright group adopted in different country studies. It is easy to see that differences between former transition countries are relatively small; thus, despite negative aspects, using these estimates for purposes of comparison seems well justified.

Table 12: Comparison of factors for partial copyright group adopted in different country studies

Industry	Singapore	Latvia	Hungary	Bulgaria	Slovenia	China	Serbia
Apparel, textiles & footwear	0.4%	0.4%	0.5%	0.6%	0.6%	0.40%	0.6%
Jewelry & coins	25.2%	8.69%	25.0%	20.0%	20.0%	8.0%	20.0%
Other crafts	42.0%		40.0%	40.0%	40.0%	40.0%	40.0%
Furniture	5.0%	41.00%	5.0%	5.0%	5.0%	5.0%	3.2%
Household goods, china & glass	0.6%		0.5%	0.5%	0.5%	0.3%	0.5%
Wall coverings & carpets	1.7%	1.65%	2.0%	0.4%	0.4%	2.0%	0.4%
Toys & games	42.0%	45.50%	50.0%	40.0%	40.0%	40.0%	40.0%
Architecture	8.3%		10.0%	10.0%	25%	6.0%	25%
Interior design	8.3%				10.0%	5.0%	10.0%
Museums			50.0%	50.0%	50%	0.5%	50.0%
Miscellaneous manufacturing		45.50%					
Wholesale & retail of partial copyright industries			5.0%				

Source: Various country studies

4. ECONOMIC CONTRIBUTION OF THE COPYRIGHT INDUSTRIES

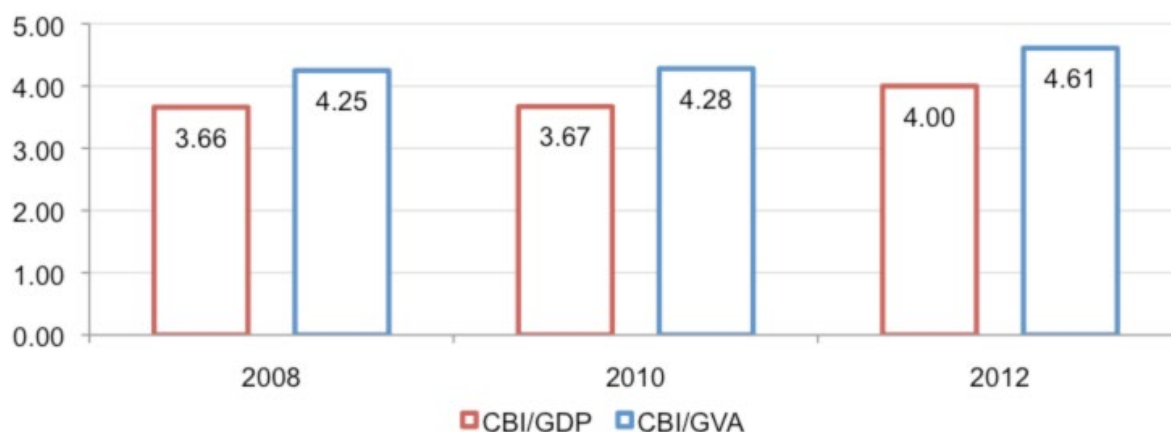
4.1 Value Added of the Copyright Industries

This section presents the value added, employment and foreign trade contributions of the copyright industry to the Serbian economy for the years 2008, 2010 and 2012. By offering a time series for three years, this study provides a clear picture of how the Serbian copyright economy was evolving prior to and during the period of severe economic recession.⁵⁸

4.1.1 Overview of copyright industries' development

A detailed statistical analysis of the value added of copyright-related economic activities shows that the Serbian copyright industries comprised 4.61% of the GVA in 2012, while compared to the GDP it made up 4.00%. The difference between these two measures is explained by the fact that gross value added does not include net taxes on products and value added tax (VAT). Both net taxes and VAT largely cannot be attributed to economic activities; thus, a share of the copyright industry is smaller in terms of GDP than in terms of GVA. This research is based on the GVA measure that is used throughout the study.⁵⁹ Nevertheless, due to country comparability reasons, the aggregates are provided in GDP percentages as well. Figure 2 shows that both measures increase in parallel, and differences are of the same scale each year.

Figure 2: Copyright industry contribution to GVA and GDP, %



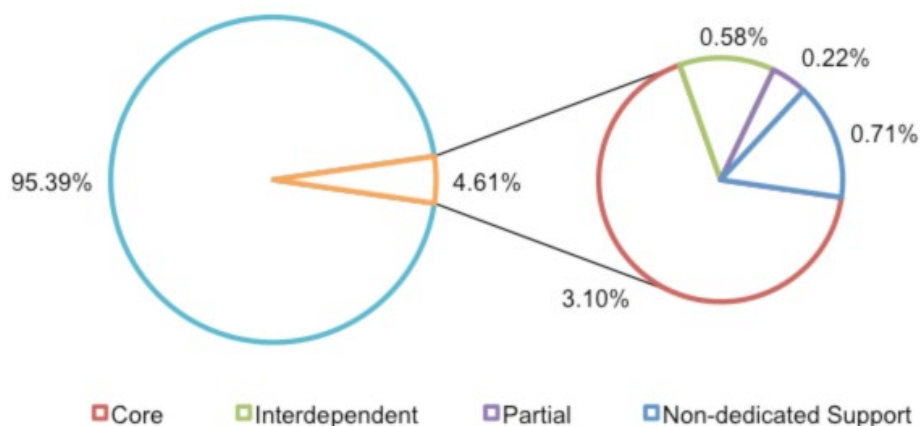
Source: Authors' calculation

On the basis of the detailed analysis of the value added of economic activities, it was established that in 2012 the Serbian copyright industry comprised 4.61% of the gross value added. The most significant, more than half, copyright contribution to the economy is made by core copyright industries, 3.10 percent. The interdependent copyright industry, which is the most closely related to the core copyright, made up 0.58 per cent, while the partial copyright industry created 0.22% of the GVA. Finally, the part of the economy which serves the copyright industry and which is in accordance with the WIPO methodology classified as the non-dedicated support industry comprised 0.71 per cent of the value added. The detailed structure of the economic contribution to the Serbian economy is presented in the figure below.

⁵⁸ Data cover both the peak of the previous business cycle and the recent recession. Between 2000 and 2008, Serbia's economy grew at an average rate of about 5%, driven increasingly by domestic consumption, fueled by significant capital inflows, and a credit boom that supported an increase in domestic demand. However, the underlying growth proved vulnerable to shocks, being associated with a high share of non-tradables, low domestic savings and a fragile external position. After a modest recovery in 2010 and 2011, the Serbian economy slipped back into recession in 2012.

⁵⁹ In fact, as stated in the Lithuanian Study, the emerging consensus among researchers in economic copyright matters, GVA is a far better measure. See *The Economic Contribution of Copyright-Based Industries in Lithuania*, Report, August 2012, p.27.

Figure 3: Economic contribution of copyright-based industries in Serbia in 2012, %



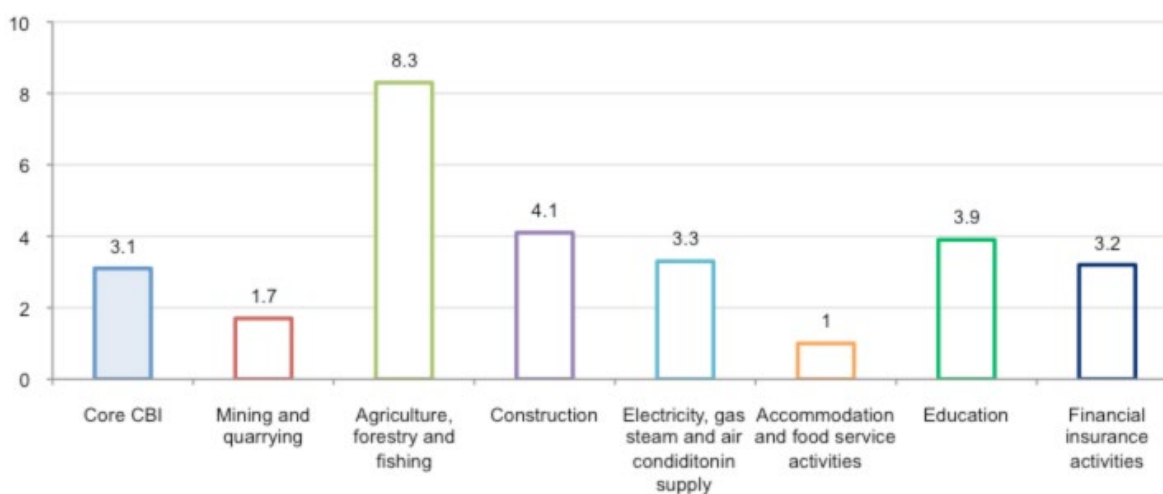
Source: Authors' calculation

Table 13: Economic contribution of copyright-based industries in Serbia in 2012, %

	RSD 000	Contribution to GVA
Core	91,097,234	3.10%
Interdependent	16,994,716	0.58%
Partial	6,493,963	0.22%
Non-dedicated support	20,780,755	0.71%
TOTAL CBIs	135,366,668	4.61%

The core copyright industries in Serbia contribute more to the GVA than mining and quarrying or accommodation and food service activities, and are close to financial and insurance activities or electricity and gas supply.

Figure 4: Contribution of the core CBI to the GDP in comparison with other selected industries in 2012



Source: Authors' calculation and SORS

4.1.2 *International Comparison*

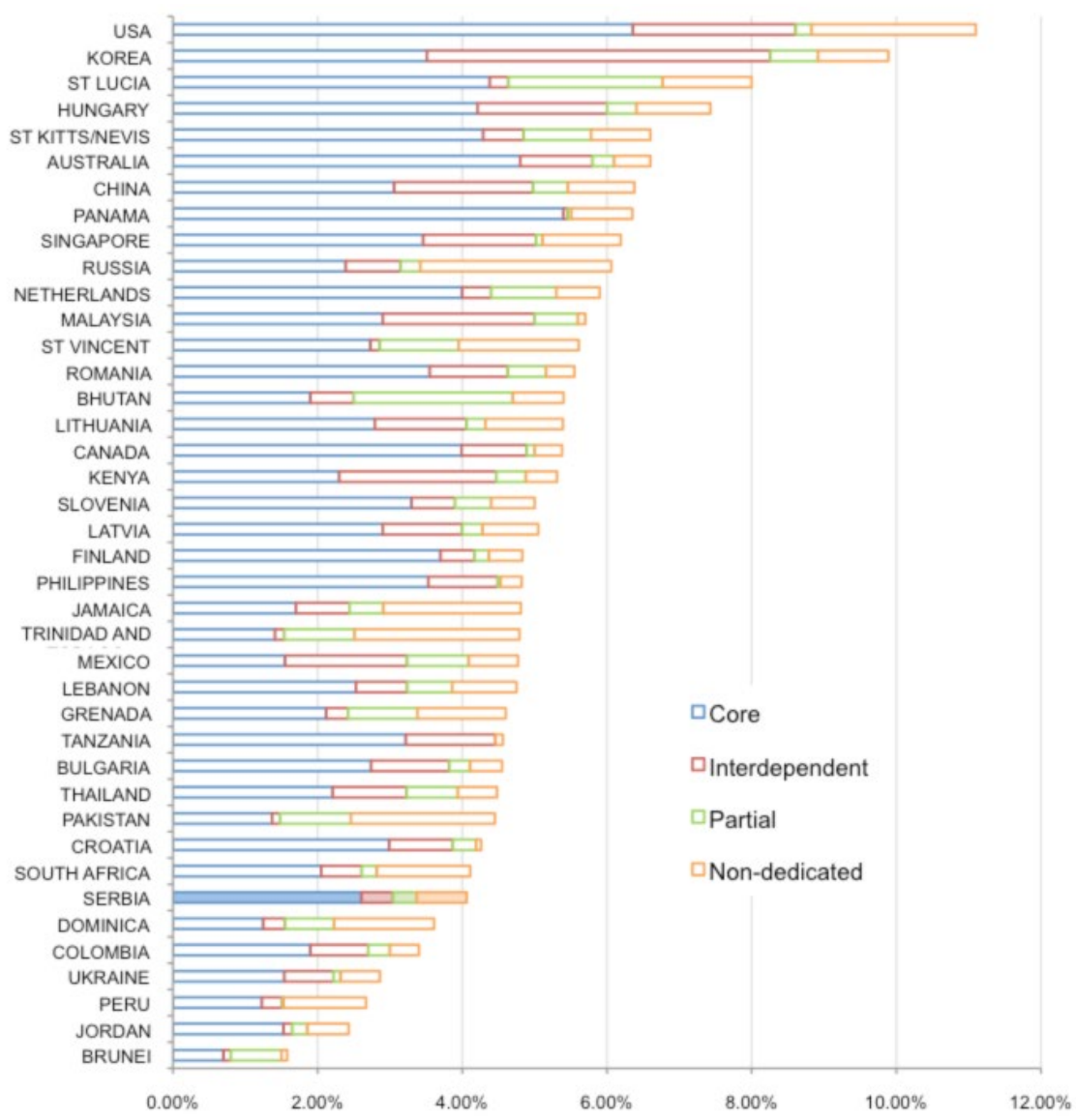
The findings allow for comparison of the Serbian CBIs' contribution to gross value added and GDP share of the copyright industry with the economic size of the copyright industry in other countries for which a similar statistical research has been conducted, providing a more global picture of Serbia's economy and copyright contributions. We should note that there are differences in statistical systems and statistical standards among various countries, as well as variations in the level of detail of the reports and the methods used. In some cases, data sources, practices of dealing with missing or imputed data or using copyright factors are not always fully transparent. While international comparisons are less sensitive to these issues at an aggregate level, the results should be interpreted with caution.⁶⁰ Finally, data for different studies were collected for a different time period which is an additional obstacle to international comparison.

The contribution to GDP varies significantly across countries (from over 10% in the US, to under 2% for Brunei) with a usually higher average share of GDP attributed to copyright industries for countries that have experienced rapid economic growth. On average, the copyright-based industries comprise 5.22% of the GDP of a country. In Serbia the copyright-based industries comprise approximately 4.00% of GDP; therefore, Serbia is somewhat below average and takes only 34th position in the group of 40 countries. Nevertheless, in terms of the contribution of the core copyright industries, Serbia, with a 2.57% contribution, ranks 23rd. This is close to the average for other countries, as more than half of the total contribution of the copyright industries to GDP comes from the core copyright industries (2.85% out of 5.22%). The Serbian copyright industry is also smaller than the corresponding part of the economy in neighboring Croatia, Romania and Bulgaria. However, international comparison reveals that Serbia has a huge potential to increase the share of CBIs, and move to a more advanced stage of the copyright economy.

⁶⁰ Certain differences are due to variations in the availability of statistics or industry categorizations. However, the WIPO methodology offers a means to standardize national studies through appropriate adjustments, thus improving cross-national comparability.



Figure 5: Contribution of copyright industries to GDP, %



Source: WIPO and authors' calculation

4.2 Value Added Structure in each Copyright Industry Type

4.2.1 Core copyright industries

Core copyright industries are industries that are fully engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and any other protected subject matter. The core copyright industry is divided into nine main groups of industries. The examination of the core copyright industry in 2012, shown in Figure 6, reveals that the leading industry was press and literature (1.20%), with software and databases being fairly closely in second place (0.90%). The third industry by importance was advertising services (0.33%), while music, theater and opera ended in fourth (0.28%), and radio and TV in fifth place (0.25%). Each of the other four subcategories created 0.1% or less of gross value added.

Figure 6: Core copyright industries' contribution to gross value added in 2012, %

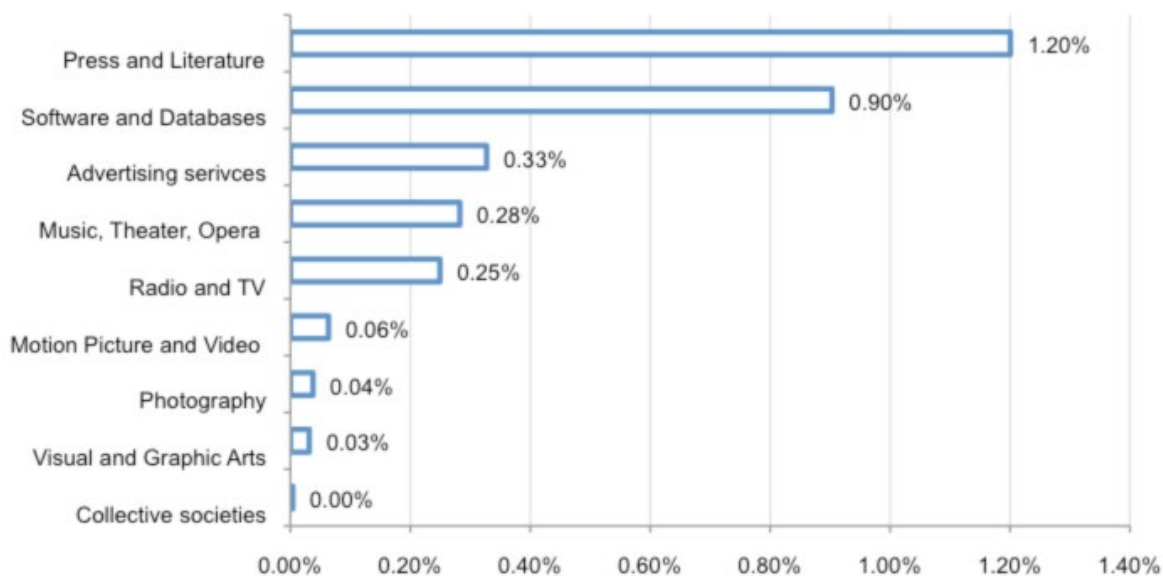


Table 14: Core copyright industries' contribution to gross value added in 2012, %

	Group	GVA in 000 RSD	GVA Contribution
I 1	Press and literature	35,283,842	1.20%
I 2	Music, theater, opera	8,303,133	0.28%
I 3	Motion picture and video	1,867,446	0.06%
I 4	Radio and TV	7,329,585	0.25%
I 5	Photography	1,107,885	0.04%
I 6	Software and databases	26,545,690	0.90%
I 7	Visual and graphic arts	925,844	0.03%
I 8	Advertising services	9,615,436	0.33%
I 9	Collective societies	118,374	0.00%
	Core copyright industries	91,097,234	3.10%

We should note that we have corrected the values obtained for GVA contribution of radio and TV, due to the fact that some TV stations are registered as cable telecommunications companies. However, even this corrected value is underestimated, as there are probably other TV stations that are not registered correctly.⁶¹

4.2.2 Interdependent copyright industries

Interdependent copyright industries are industries that are engaged in the production, manufacturing and sales of equipment, for which the only or primary function is to facilitate the creation, production or use of works and any other protected subject matter. The interdependent copyright industry is subdivided into seven activities. The interdependent copyright industries created 0.58% of the country's gross value added in 2012. There are three interdependent copyright industries, relatively large in size. Computers and equipment, TV sets, radios, etc., and paper represent the most significant interdependent copyright industries with Computers and equipment contributing the most to GVA. The economic contribution of photographic and

⁶¹ For Prva Televizija we have calculated the value of GVA in 2012 equal to 1.192 billion dinars. For Pink International Group, based on unconsolidated financial statements, the GVA value equals 2.973 billion dinars in 2012. Both companies are registered as cable telecommunication companies. Similarly, we include these companies in our calculation of core employment and exclude them in our calculation of non-dedicated support industries.

cinematographic instruments was somewhat economically significant, while photocopiers, blank recording material, and musical instruments, were completely insignificant.

Figure 7: Interdependent copyright industries' contribution to GVA in 2012, %

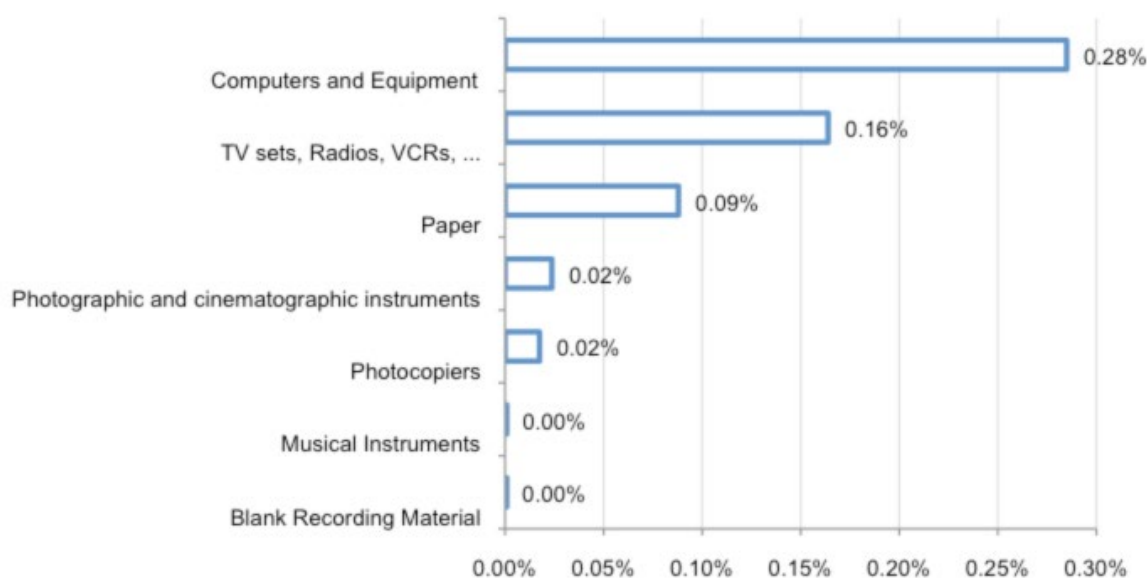


Table 15: Interdependent copyright industries' contribution to GVA in 2012, %

	Group	GVA in 000 RSD	GVA Contribution
II 1	TV sets, radios, VCRs, ...	4,816,579	0.16%
II 2	Computers and equipment	8,373,687	0.28%
II 3	Photocopiers	514,113	0.02%
II 4	Musical instruments	4,211	0.00%
II 5	Photographic and cinematographic instruments	697,834	0.02%
II 6	Blank recording material	3,149	0.00%
II 7	Paper	2,585,143	0.09%
	Interdependent copyright industries	16,994,716	0.58%

4.2.3 Partial copyright industries

Partial copyright industries are industries where a portion of the activities is related to works and other protected subject matter and may involve creation, production and manufacturing, performance, broadcast, communication and exhibition or distribution and sales. They are divided into ten separate activities. Partial copyright industries created 0.22% of the country's gross value added in 2012. Serbian partial copyright industries were dominated by architecture, engineering and surveying, with more than half of the group's share. The other three groups – furniture, museums and other crafts – created 0.024%, 0.023%, and 0.022% of GVA respectively. All other activities had negligible shares of 0.01% or less of GVA.

Figure 8: Partial copyright industry's contribution to gross value added in 2012, %

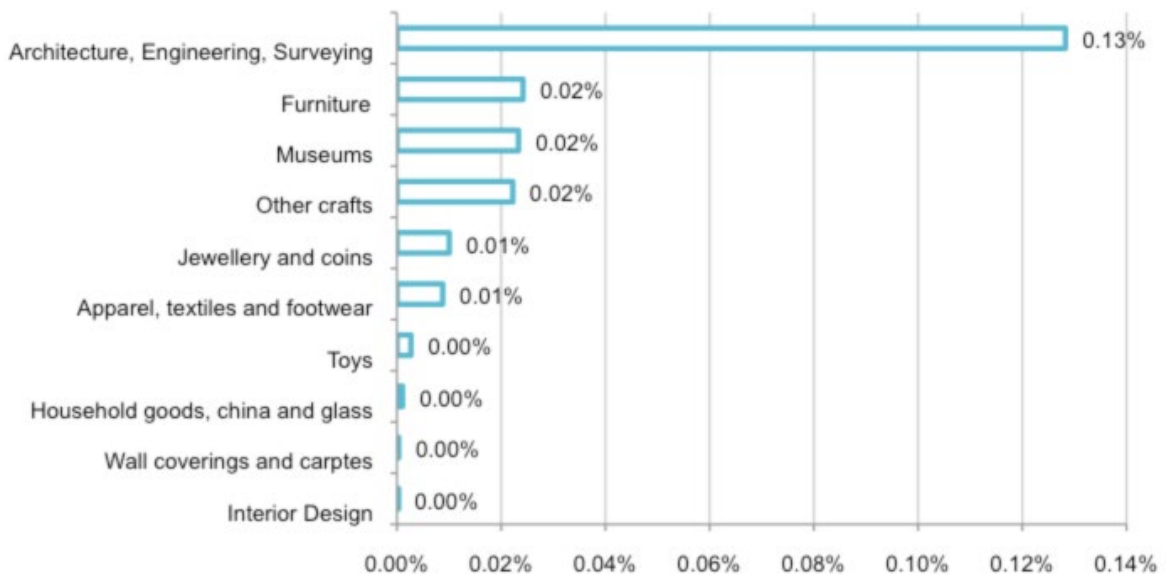


Table 16: Partial copyright industries' contribution to gross value added in 2012, %

	Group	GVA in 000 RSD	GVA Contribution
lii 1	Apparel, textiles and footwear	257,867	0.009%
lii 2	Jewelry and coins	294,869	0.010%
lii 3	Other crafts	653,344	0.022%
lii 4	Furniture	710,754	0.024%
lii 5	Household goods, china and glass	31,136	0.001%
lii 6	Wall coverings and carpets	9,698	0.000%
lii 7	Toys	78,848	0.003%
lii 8	Architecture, engineering, surveying	3,769,685	0.128%
lii 9	Interior design	2,656	0.000%
lii 10	Museums	685,107	0.023%
	Partial copyright industries	6,493,963	0.221%

4.2.4 Non-dedicated support copyright industries

Non-dedicated support industries are industries where a portion of the activities is related to facilitating broadcast, communication, distribution or sales of works and other protected subject matters, and the activities of which do not fall into the category of core copyright industries. Although it is an economically large group, it is subdivided into just three subgroups. Non-dedicated support industries created 0.71% of the country's gross value added in 2012. The general wholesale and retailing contribution to the national gross value added was 0.33%, while general transportation contributed 0.22 percent. Telephony and internet produced a much smaller contribution of 0.15%.

Figure 9: Non-dedicated copyright industries' contribution to gross value added in 2012, %

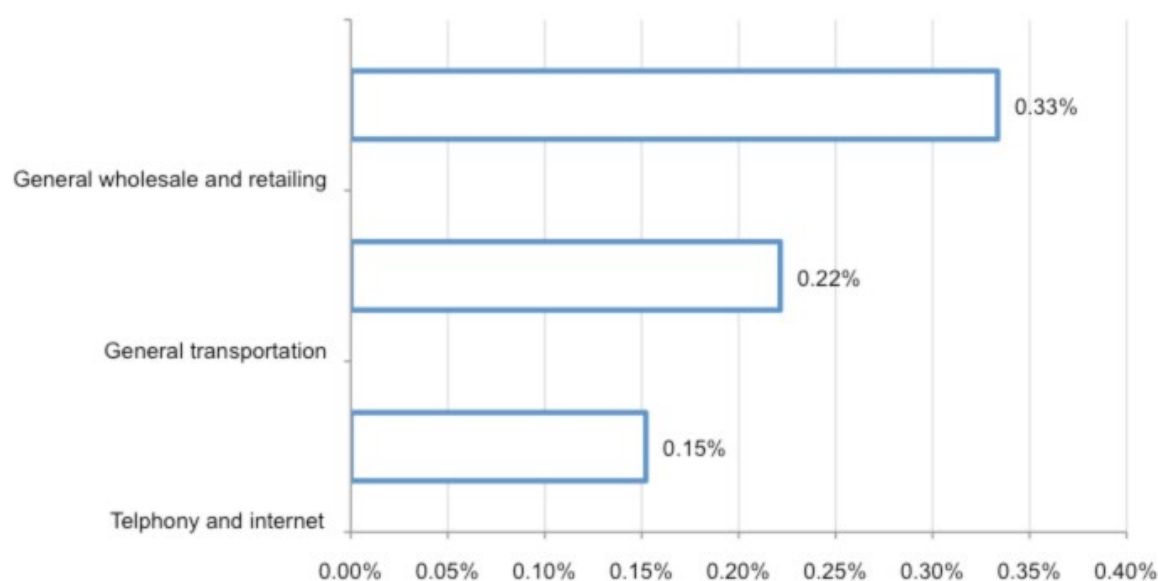


Table 17: Non-dedicated support industries' contribution to gross value added in 2012, %

	Group	GVA in 000 RSD	GVA Contribution
IV. 1	General wholesale and retailing	9,801,447	0.33%
IV. 2	General transportation	6,507,990	0.22%
IV. 3	Telephony and internet	4,471,318	0.15%
	Non-dedicated support industries	20,780,755	0.71%

4.3 Employment in Copyright Industries

The copyright industries generated more value added than employment for the Serbian economy. In 2012, employment in the Serbian copyright industries comprised 4.06% of total employment.⁶² Moreover, almost two thirds of it, 2.61%, was generated by the core copyright industries. The interdependent copyright industries created 0.44%, while the partial copyright industry contributed 0.33% to overall employment. Finally, the non-dedicated support industry comprised 0.69% of the overall employment. The employment structure with regard to the Serbian copyright industries is shown in Figure 10.

⁶² For the purpose of national accounting, both the registered formal employment data and labor force survey are being used. More specifically, starting from the formal employment data, experts in the SORS conducted necessary imputations, mostly related to unincorporated enterprises. The fact that SORS possess a significant number of financial reports of unincorporated enterprises (about 20,000 or approximately 10%) makes the imputations related to unincorporated enterprises and unobserved economy easier than in some of the EU member states. Financial reports, together with the data on taxable income, salaries and number of employees (available from the Serbian Tax Administration) have been used by the SORS as the grounds for the estimates on the number of unincorporated enterprises, number of employees and GVA by activity. More specifically, for imputations the SORS apply the model based on the assumption that business conditions of sole-proprietorships are very similar to the conditions of micro incorporated enterprises (limited liability companies), with certain corrections. In estimating the number of employees in the unincorporated enterprises, the SORS use LFS (Labor Force Survey) data as supplementary data. See SORS, Unincorporated enterprises (sole-proprietorships and partnerships) in the Republic of Serbia, 2010, SORS Working Paper N°78, August 2011 available at <http://pod2.stat.gov.rs/ObjavljenePublikacije/G2011/pdfE/G201110078.pdf>.

For total employment we use data from the labor force survey. LFS applies the international recommendations and definitions and therefore the data of this survey present the main source of labor force statistics that are internationally comparable. Share in total registered employment is significantly higher, as the total number of employees includes only employees who have signed a work contract with an employer (a formal legal employment contract). Data on registered employment are collected by statistical surveys (for employees at legal entities) and from administrative sources (for entrepreneurs and their employees). LFS results are available at http://webzrzs.stat.gov.rs/WebSite/repository/documents/00/00/96/02/SB_564_ARS_2012+sajt.pdf.

Figure 10: Employment by copyright industries in Serbia in 2012, %

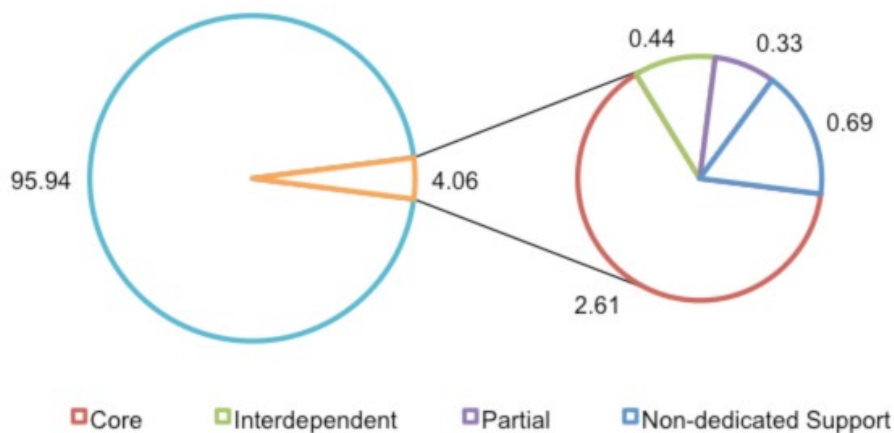


Table 18: Employment by copyright industries in Serbia in 2012, %

	Employees	Contribution to Employment
Core	58,081	2.61%
Interdependent	9,758	0.44%
Partial	7,317	0.33%
Non-dedicated support industries	15,347	0.69%
TOTAL CBIs	90,503	4.07%

A steady decrease in the number of people employed in the copyright-based industries was registered for the period 2008-2012 (Figure 11). More precisely, for the observed period CBIs in Serbia lost 9,752 jobs. Yet, the contribution of CBIs to employment increased from 3.53% in 2008 to 4.06% in 2012, with the highest relative increase recorded by the core industries (increase from 2.17% to 2.61%). Thus, CBIs were somewhat less affected than the overall economy. This is consistent with the fact that in most countries total CBIs and core CBIs are dynamic sectors of the economy, so their share in the total employment shows an upward trend.

Figure 11: Employment in copyright-based industries

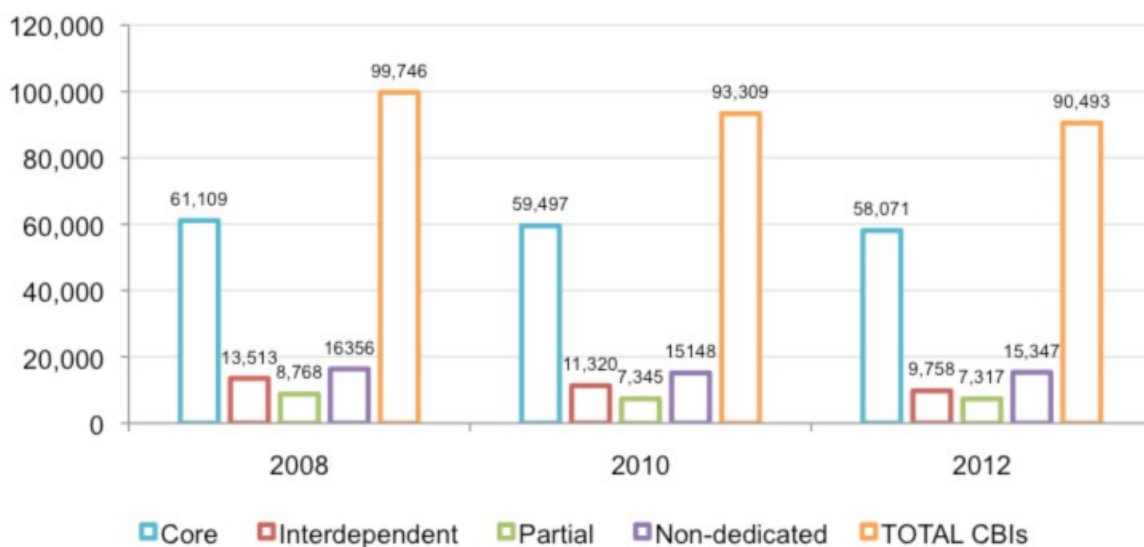
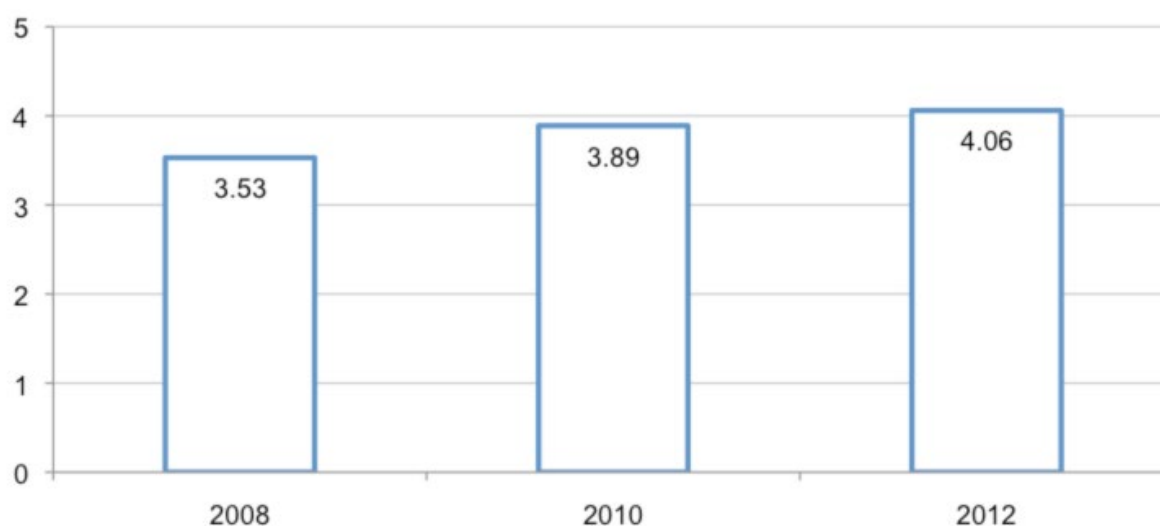


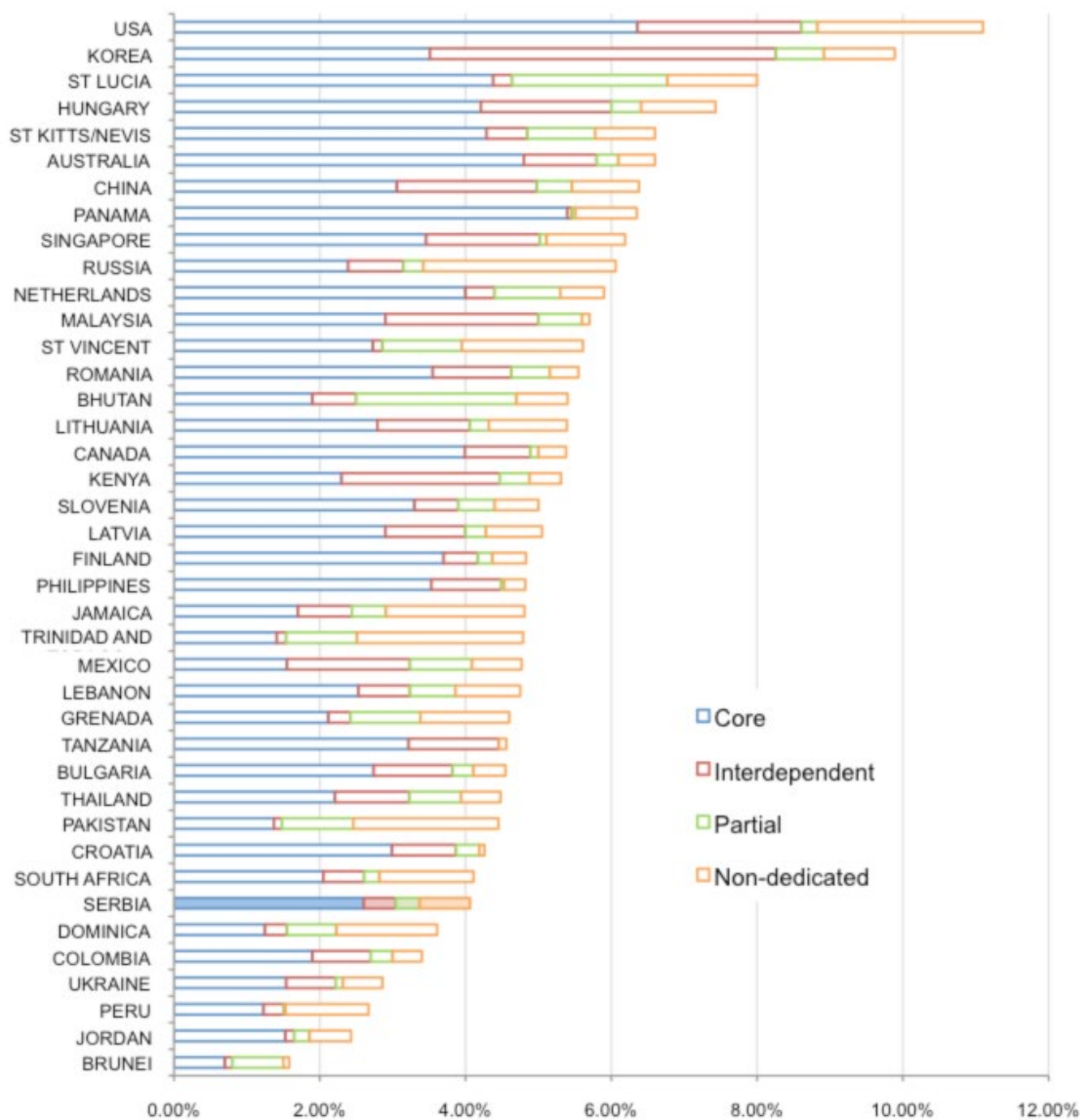
Table 19: Employment in copyright-based industries

	2008		2010		2012	
	Number of employees	Share in total emp	Number of employees	Share in total emp	Number of employees	Share in total emp
Core	61,109	2.17%	59,497	2.48%	58,071	2.61%
Interdependent	13,513	0.48%	11,320	0.47%	9,758	0.44%
Partial	8,768	0.31%	7,345	0.31%	7,317	0.33%
Non-dedicated support	16,356	0.58%	15,148	0.63%	15,347	0.69%
TOTAL CBIs	99,746	3.53%	93,309	3.89%	90,493	4.06%

Figure 12: CBIs' employment share in total employment 2008-2012, %

The international comparison shows that the Serbian copyright economy ranks low in terms of the employment measure and reveals that proportionally the CBIs contribute more to GDP than they do to employment (Figure 10). Serbian CBIs create somewhat lower employment than in Bulgaria or Croatia, and Serbia is also lagging behind them in terms of the value added contribution. However, with respect to employment contribution by the core copyright-based industries, Serbia is doing much better. With a value of 2.61%, it belongs to middle-ranking countries (Serbia ranks 20th out of 40 economies). The difference between total and core CBIs share in the total employment reveals a relatively weak spillover effect of core CBIs in Serbia. Structurally, the copyright-based industry sector employment in Serbia is similar to those of Hungary, Latvia and Slovenia.

Figure 13: Contribution of copyright industries to employment, %



Source: WIPO and authors' calculations

4.4 Employment in each Copyright Industry Type

4.4.1 Core copyright industries

Press and literature are far ahead of software and databases and other core copyright industries in terms of employment. Even though the press and literature industry employs twice as many people as the software and databases industry, due to much higher productivity in the software and databases industry, the difference is not that high in terms of GVA. Other industries like advertising services, radio and TV, and music, theater and opera are also significant contributors to employment in Serbia. Some core copyright industries differ significantly in terms of GVA per employee (productivity).

Figure 14: Core copyright industries' contribution to employment in 2012, %

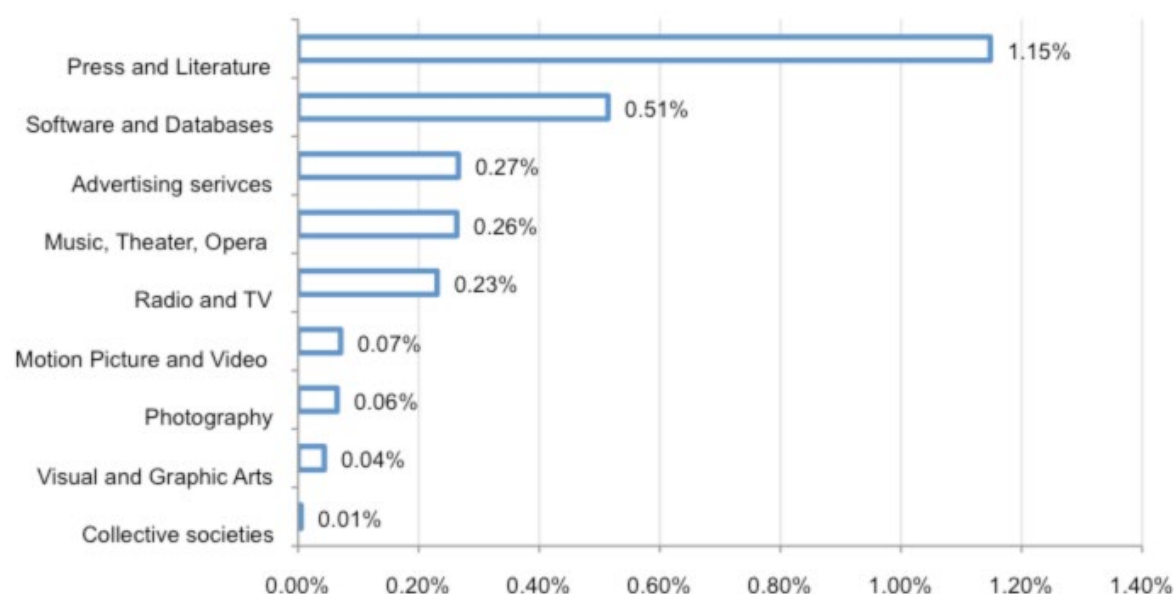


Table 20: Core copyright industries' contribution to employment in 2012, %

	Group	Employees	Contribution to Employment
I 1	Press and literature	25,584	1.15%
I 2	Music, theater, opera	5,868	0.26%
I 3	Motion picture and video	1,575	0.07%
I 4	Radio and TV	5,140	0.23%
I 5	Photography	1,443	0.06%
I 6	Software and databases	11,455	0.51%
I 7	Visual and graphic arts	969	0.04%
I 8	Advertising services	5,925	0.27%
I 9	Collective societies	113	0.01%
	Core copyright industries	57,223	2.61%

4.4.2 Interdependent copyright industries

The employment contribution of the interdependent copyright industries has a rather heterogeneous character. Key employers are computers and equipment, and TV sets and radios. Paper and photographic instruments make a minor contribution. Basically, except computers and equipment other employers in this group generate less employment than value added, in percentage terms.

Figure 15: Interdependent copyright industries' contribution to employment in 2012, %

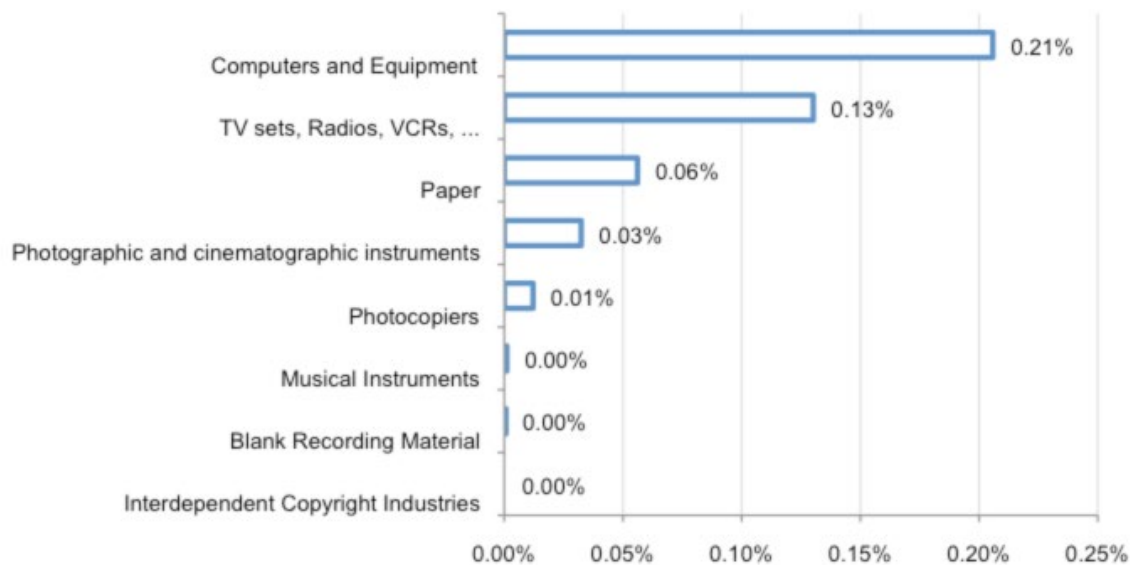


Table 21: Interdependent copyright industries' contribution to employment in 2012, %

	Group	Employees	Contribution to Employment
II 1	TV sets, Radios, VCRs, ...	2,900	0.13%
II 2	Computers and Equipment	4,585	0.21%
II 3	Photocopiers	270	0.01%
II 4	Musical Instruments	24	0.00%
II 5	Photographic and Cinematographic Instruments	722	0.03%
II 6	Blank Recording Material	6	0.00%
II 7	Paper	1,250	0.06%
	Interdependent Copyright Industries	11,634	0.44%

4.4.3 *Partial copyright industries*

The analysis of employment in the partial copyright industry reveals five key employers. By far the largest contributors to national employment are architecture, engineering and surveying, furniture and other crafts.

Figure 16: Partial copyright industries' contribution to employment in 2012, %

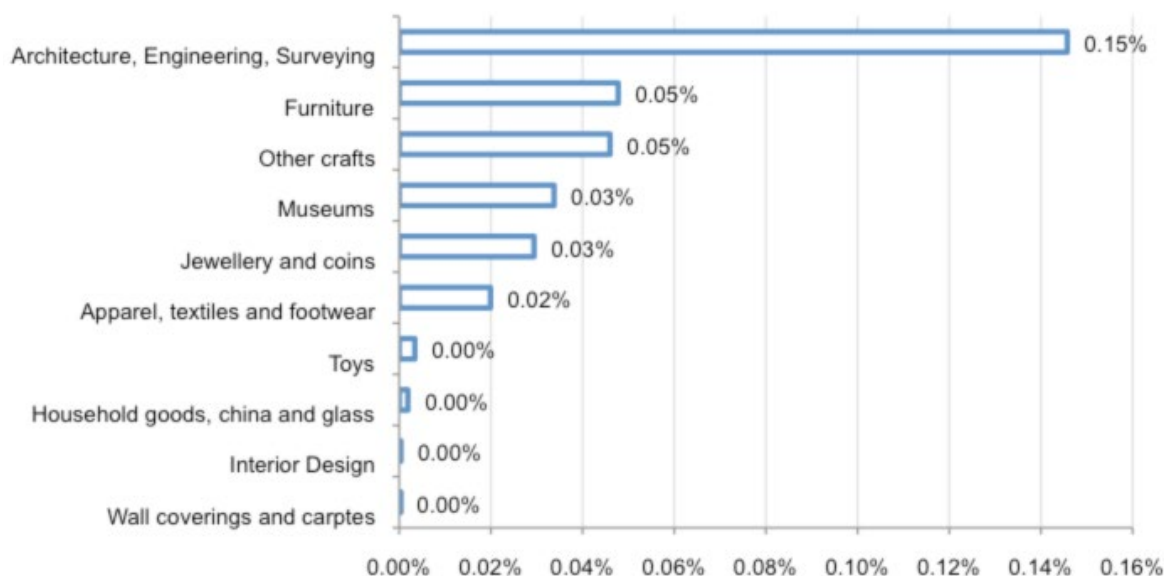


Table 22: Partial copyright industries' contribution to employment in 2012, %

	Group	Employees	Contribution to employment
III 1	Apparel, textiles and footwear	444	0.02%
III 2	Jewelry and coins	655	0.03%
III 3	Other crafts	1,025	0.05%
III 4	Furniture	1,064	0.05%
III 5	Household goods, china and glass	42	0.00%
III 6	Wall coverings and carpets	3	0.00%
III 7	Toys	76	0.00%
III 8	Architecture, engineering, surveying	3,248	0.15%
III 9	Interior design	8	0.00%
III 10	Museums	753	0.03%
	Partial copyright industries	7,317	0.33%

4.4.4 Non-dedicated support industries

With respect to copyright, the job creation in non-dedicated support industries was concentrated in general wholesale and retailing and in general transportation.

Figure 17: Non-dedicated support industries' contribution to employment in 2012, %

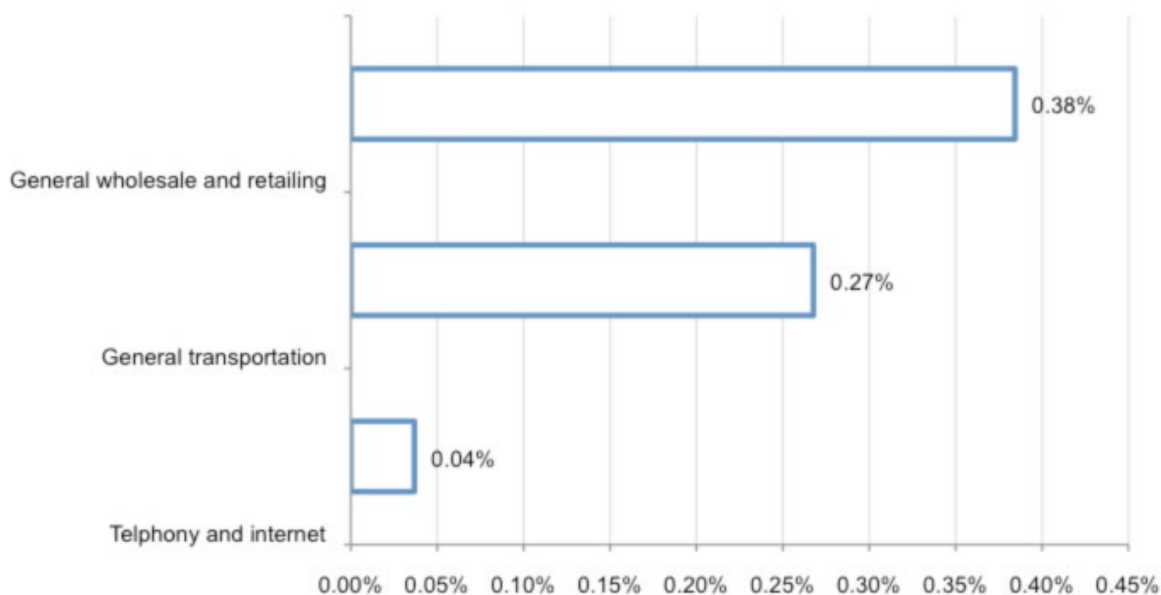


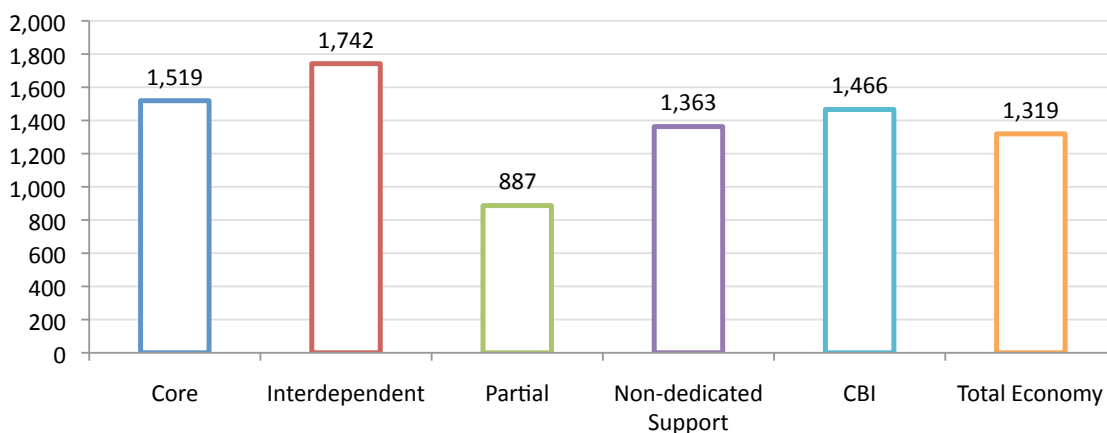
Table 23: Non-dedicated copyright industries' contribution to employment in 2012, %

	Group	Employees	Contribution to Employment
IV 1	General wholesale and retailing	8,564	0.38%
IV 2	General transportation	5,964	0.27%
IV 3	Telephony and internet	819	0.04%
	Non-dedicated support industries	15,347	0.69%

4.5 Productivity in Major Copyright Activities

In this section, we also provide the comparison of value added and employment shares of major copyright economic activities. Labor productivity calculated as GVA per employee offers some conclusions regarding the efficiency of CBIs. Figure 18 shows significant differences between copyright-based industries with respect to productivity.

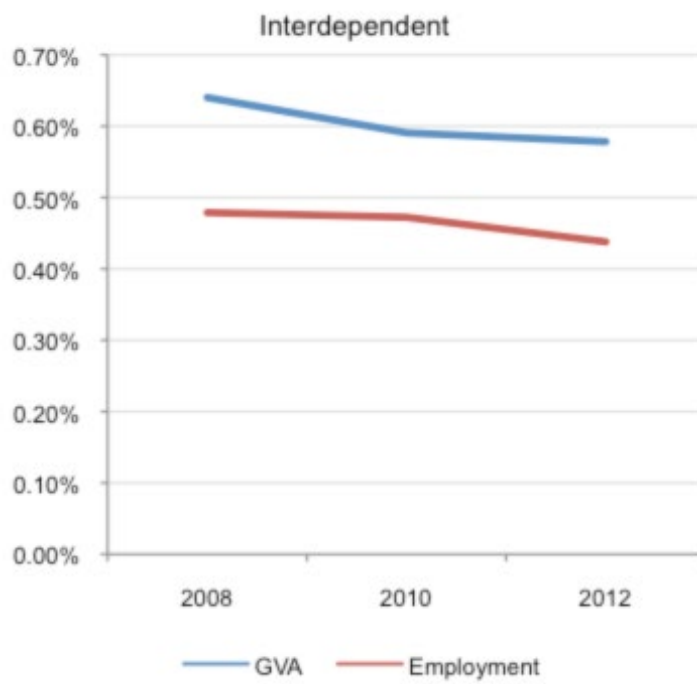
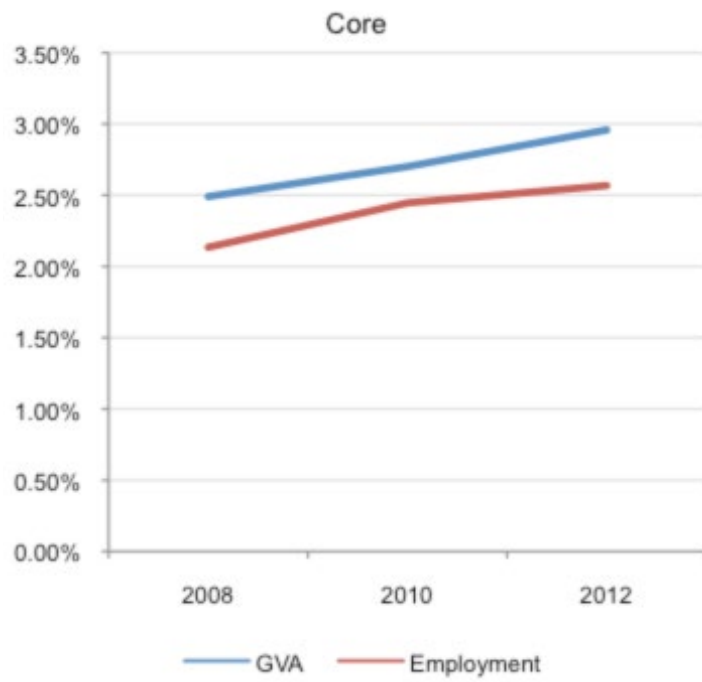
Figure 18: GVA per employee in 000 dinars (2012)

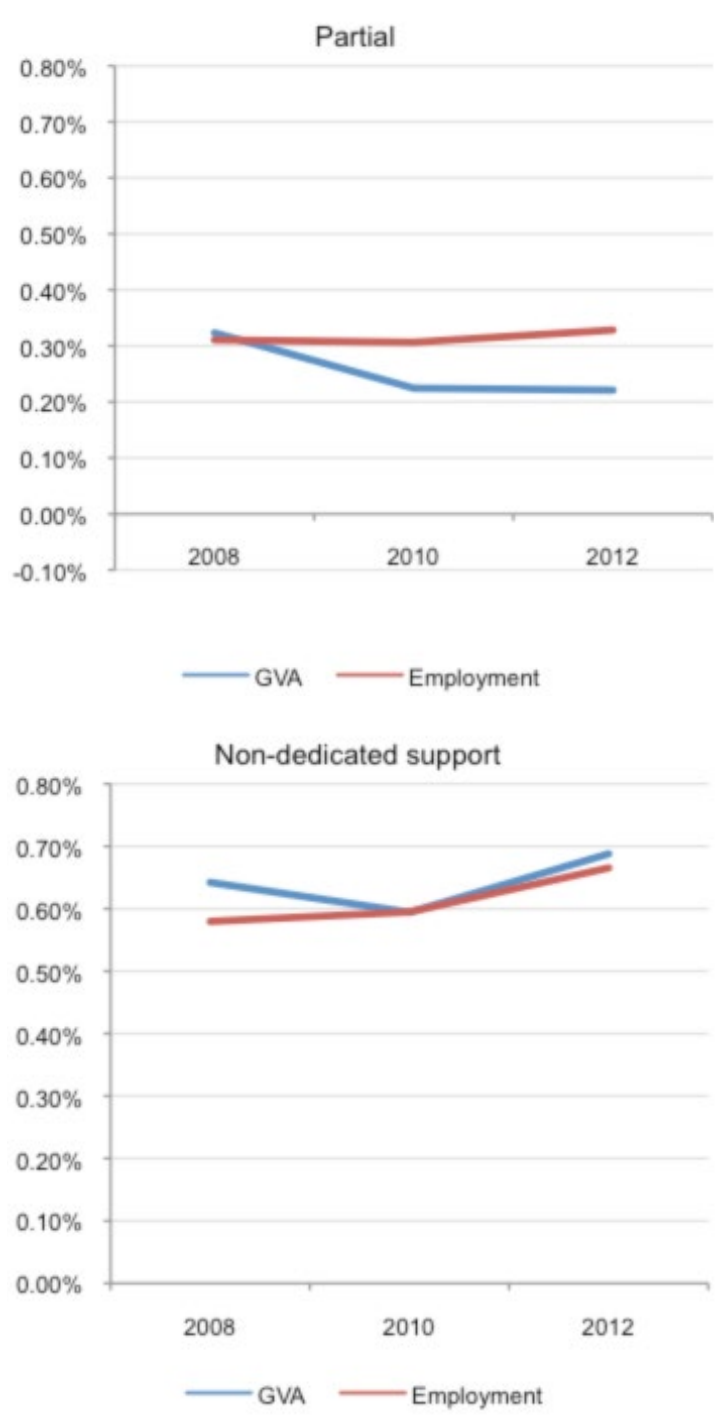


Several figures below provide an insight into how the growth or contraction of value added and employment is correlated. A positive difference between them shows the increase in the productivity of the particular copyright-related industries compared to the overall Serbian economy. If value added is higher than employment, then productivity in the copyright activity is higher than in the economy in general. If the gap between the two lines is increasing, then the productivity gap is growing and *vice versa*.

The CBI industries have completely different productivity patterns. The most important group, core copyright industries constantly create a larger value added share than the employment share. Moreover, its productivity shows no sign of decline as both red and blue lines have moved upwards. The interdependent copyright industries show a similar pattern but in the opposite direction, as both GVA and employment decreased in parallel over the years. The productivity of partial copyright industries shows significant deterioration in productivity beginning in 2008. Finally, non-dedicated support industries as an extremely heterogeneous group contributed on average the same as the Serbian overall economy.

Figure 19: Copyright industries' contribution to economy in %





4.5.1 Core copyright industries

Press and literature, which is the largest activity among core copyright industries, has been somewhat more productive than the economy in general. From 2010 the GVA of press and literature has been above its employment contribution, but instead of growing, this gap has been slowly shrinking in the last reporting period. An increase in productivity of software and databases was very sharp over the reporting period, nearly twice as productive compared to the overall economy in 2012. Advertising services, which is the third group by size in the Serbian core copyright industry, also contributed more to GVA than to employment throughout the observation period. The data prove that since 2010 productivity in advertising services compared to the overall economy stagnated. While keeping its share of employment, radio and TV almost halved their GVA contribution, thus reaching productivity that is only half of the overall economy.

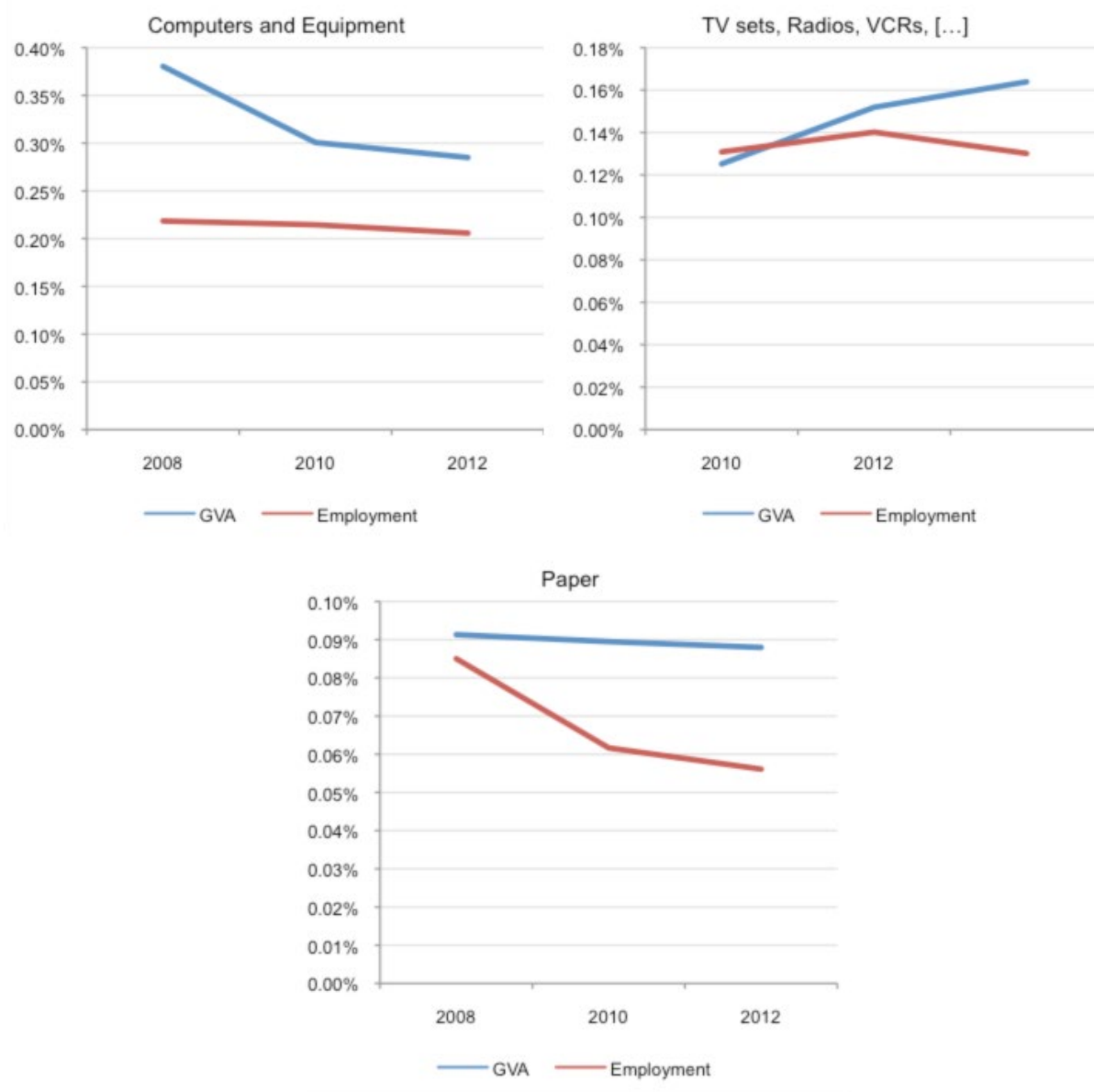
Figure 20: Selected core copyright industries contribution to economy in %



4.5.2 Interdependent copyright industries

Although the computers and equipment sub-category was the first in the interdependent group in 2008 by its size, it exhibited the steepest downward trend over the observation period. It is still more efficient than the Serbian economy in general, but shows signs of losing this comparative advantage. The opposite situation is seen with TV sets, radios, etc., which maintained their employment share, but increased their share in the GVA. Finally, paper increased productivity, but mainly due to a significant reduction in the number of employees.

Figure 21: Selected interdependent copyright industries' contribution to economy in %



4.5.3 Partial and non-dedicated support copyright industries

Non-dedicated support copyright industries consist only of three subgroups. Their productivity developments over time are reflected in Figure 22. General wholesale and retailing has lost the efficiency advantage it previously had at the beginning of the observed period. Partial recovery occurred in 2010–2012. Both general wholesale and retailing and general transportation increased their productivity in 2012, though they created less value added per person employed compared to the Serbian economy in general. Telephony and Internet maintain very high productivity relative to other sub-sectors. Even during the crisis these industries seem to be outstanding in their ability to create between four and five times more value added per person employed than the Serbian economy in general.

Figure 22: Non-dedicated support industries' contribution to economy in %



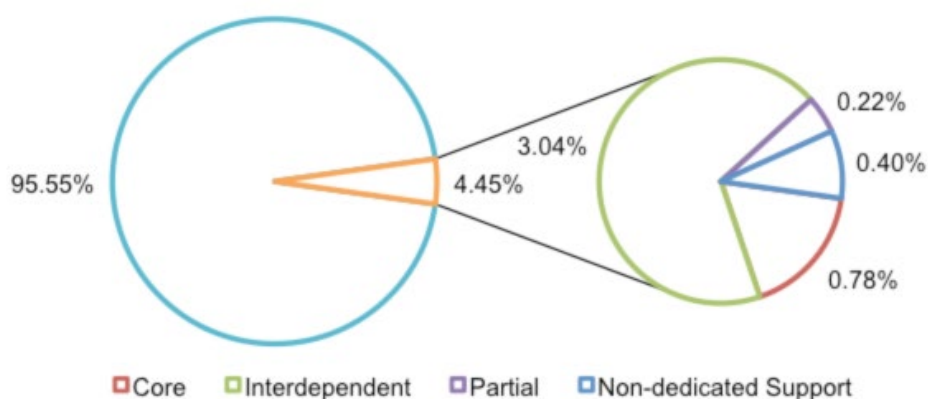
4.6 Foreign Trade of CBIs

As stated in the WIPO guidelines, the position of a national copyright-based industry in terms of the imports and exports of a country is an indicator that may reflect tendencies that deserve specific policy considerations (WIPO, 2003, p.41). Exports and imports data collection is important because a significant share of copyright-protected products (books, music, video, etc.) are sold in regional or global markets. The foreign trade analysis in this study relied on several statistical data sources. The share of foreign trade was first assessed by separately analyzing trade in goods and trade in services. On the one hand, the statistics of trade in goods were available according to the Classification of Products by Activity (CPA), which is consistent with the NACE Rev. 2. Thus, the shares of exports and imports were calculated directly using the same copyright factors and the same calculation structure in general as for the value added and employment calculations. On the other hand, the statistics of trade in services are not collected in accordance with the NACE either in Serbia or elsewhere. However, the balance of payment statistics could be applied for the analysis of trade in services.

4.6.1 Goods

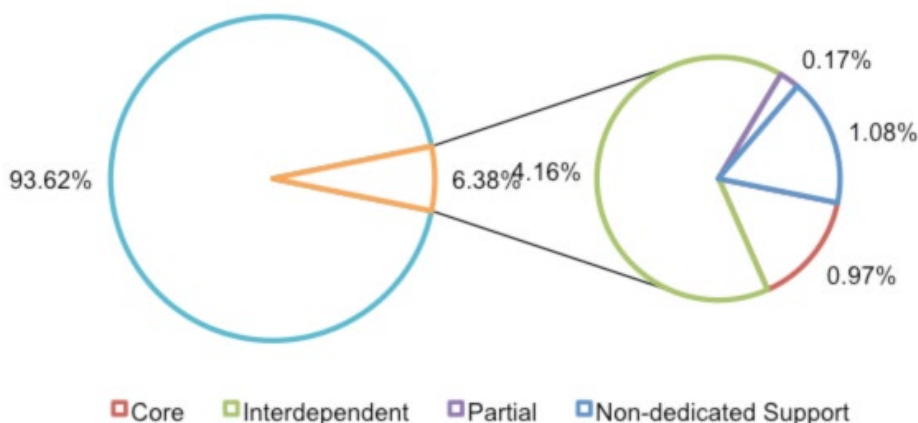
Based on the data collected, SORS was able to allocate imports and exports in accordance with the CPA 2008 classification (the European Classification of Products by Activity).⁶³ More specifically, Serbia has adopted the EU approach for the development of the CPA, with NACE as the reference framework. Each product – whether it is a transportable or a non-transportable good – is assigned to one single NACE activity. Therefore, up to the 4-digit level (classes), the structure of CPA corresponds to NACE. The link between CPA and NACE is evident in the CPA code: at all levels of CPA 2008, the coding of the first four digits is identical to that used in NACE Rev. 2.

Figure 23: Trade in goods: CBIs' export shares for 2012



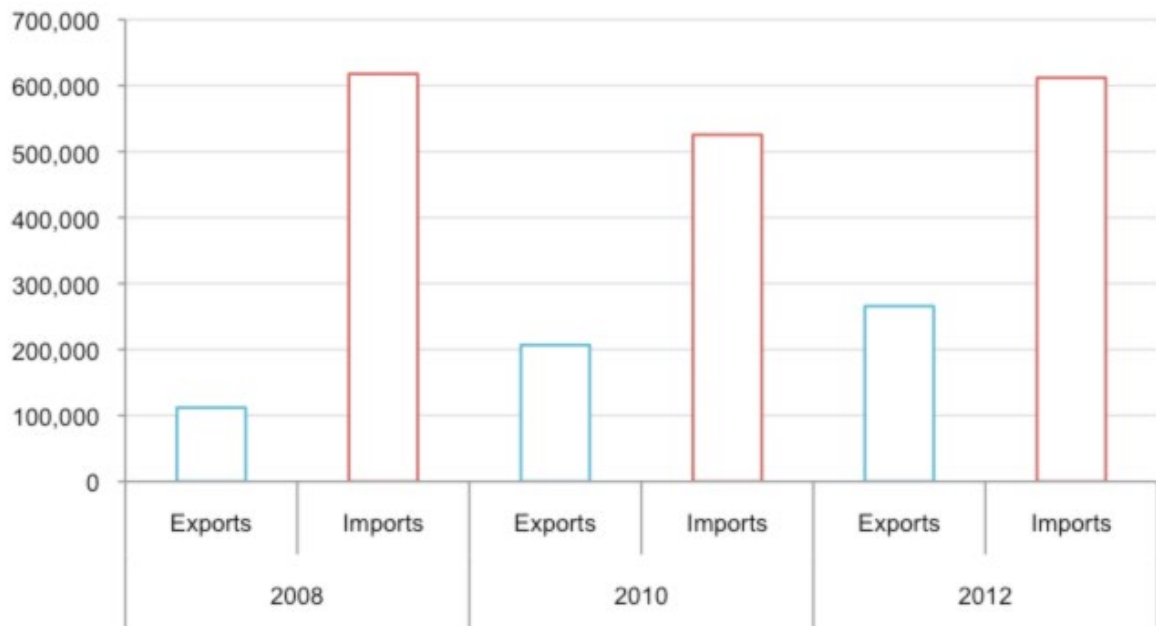
The CBIs' contribution to exports in goods made up 4.45% in 2012. This result is very close to that of the CBIs' contribution to GVA, since the copyright economy comprised 4.61% of the value added. The contribution to imports in goods in 2012 is significantly higher – 6.34%. However, the share of core CBIs is only 0.78% with respect to exports and 0.97% with respect to imports.

Figure 24: Trade in goods: CBIs' import shares for 2012



⁶³ The data source for foreign trade statistics is the Single Document (SAD) on exports and imports of goods. Customs officials and authorized shipping agents transmit all documents to the Customs Administration in electronic form. SORS takes over single administrative documents, ready for automatic data processing, from the Customs Administration and carries out further statistical control and processing. The value of goods in external trade statistics is expressed on the basis of prices fixed by enterprises in their contract provisions. All values are calculated on the basis of FOB prices for exports, CIF for imports (invoiced value of goods with added costs of transport, insurance, etc. to the border of the Republic of Serbia). The data are computed based on exchange rates applied for establishing customs base. The costs of shipping, insurance and reloading, etc. payable in foreign currency are calculated at current exchange rates applied for establishing customs base.

Figure 25: Trade in goods: CBIs 2008-2012 (in 000 dinars)



4.6.2 Services

The National Bank of Serbia (NBS), in its annual External Statistics Bulletin, publishes annual trade in services data broken down by type of services. NBS has provided an additional dataset for the years 2008, 2010 and 2012, but it could not provide a breakdown by NACE activity, as the information on services is not aggregated on the basis of main economic activity. Thus, the data on trade in services were calculated for the national economy as a whole.

Looking at actual amounts in euros, it turns out that the balance between exports and imports of copyright-related services was negative in 2008 and 2010, but it turned out substantially positive in 2012. The overall rise of the contribution of the copyright exports of services is primarily explained by a significant increase in the share of communication (computer and information) services. The share of these services rose as high as 12.13% of the exports in services in 2012 (see Annex 3 for details).

The largest positive contribution was generated by communication services, which earned 375 million euros in 2012, while imports were 267 million euros. Within this group computer services generated a 72 million euros surplus. The contribution of personal, cultural and recreational services also increased twofold over the 2008–2012 period. The most stable contribution to the export of services was generated by Royalties and License Fees which fluctuated around 0.4% of the overall exports of services. The tables below present the exports and imports of services of the copyright industry. We should note that we follow the approach adopted in the Lithuanian study. For the computer and information services sector, as well as for personal, cultural and recreational services, the copyright factor was 1, while for royalties and license fees the weight attributed was 0.5.

Table 24: Trade in services exports (in EUR mill)

	Copyright factor	2008		2010		2012	
		Mill euros	Share in total %	Mill euros	Share in total %	Mill euros	Share in total %
Communication services	1	178.35	6.51	239.57	8.99	374.91	12.13
Royalties and license fees	0.5	9.35	0.34	14.575	0.55	13.72	0.45
Personal, cultural and recreational services	1	47.23	1.72	74.65	2.80	90.55	3.50
Total services exports		234.93	8.57	328.795	12.34	479.18	16.08

Source: National Bank of Serbia

Table 25: Trade in services imports (in EUR mill)

	Copyright factor	2008		2010		2012	
		Mill euros	Share in total %	Mill euros	Share in total %	Mill euros	Share in total %
Communication services	1	213.24	7.28	215.22	8.10	267.11	9.09
Royalties and license fees	0.5	66.26	2.27	58.715	2.21	68.08	2.32
Personal, cultural and recreational services	1	50.81	1.74	56.26	2.11	55.56	2.03
Total services imports		330.31	11.29	330.195	12.42	390.75	13.44

Source: National Bank of Serbia

Tables 26 and 27 provide a summary that compares the copyright industry's foreign exports and imports contributions with the overall exports and imports. The total exports in copyright-based industries in 2012 amounted to EUR 778.7 million. Total imports in copyright-based industries in 2007 amounted to EUR 1.323 million. The balance of foreign trade of copyright-based industries was negative and the deficit amounted to EUR 545 million.

Table 26: Copyright-based industry's contribution to exports %

	2008		2010		2012	
	In EUR mill	Share in total, %	In EUR mill	Share in total %	In EUR mill	Share in total %
CBI's Exports of goods	235.7	2.32	327.5	3.25	387.9	3.28
CBI's Exports of services	330.3	3.25	330.2	3.28	390.8	3.30
CBI's Exports of goods and services	566.0	5.57	657.7	6.53	778.7	6.58
Exports of goods and services	10,157.3	100	10,069.6	100	11,829.3	100

Source: SORS, NBS and authors' calculations

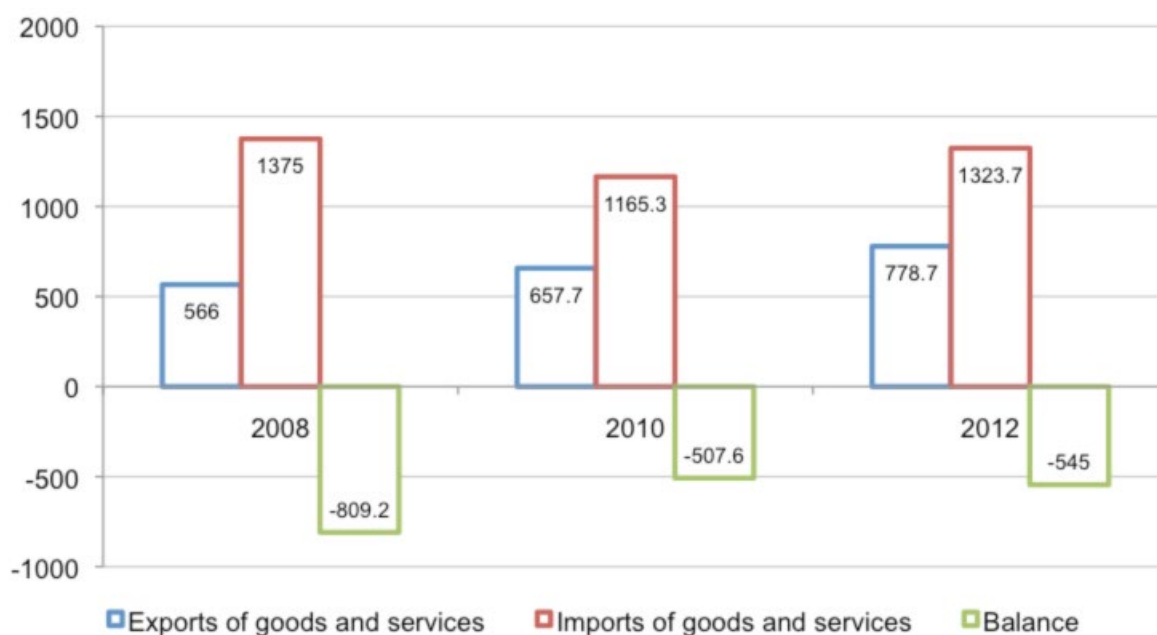
Table 27: Copyright-based industry's contribution to imports, %

	2008		2010		2012	
	In EUR mill	Share in total %	In EUR mill	Share in total %	In EUR mill	Share in total %
CBIs' Imports of goods	1,044.9	5.55	835.1	5.70	933.0	5.44
CBIs' Imports of services	330.3	1.75	330.2	2.25	390.8	2.28
CBIs' Imports of goods and services	1,375.2	7.30	1,165.3	7.96	1,323.7	7.72
Exports of goods and services	18,843.2	100	14,642.9	100	17,153.3	100

Source: SORS, NBS and authors' calculations

The Serbian economy is more dependent on the imports of copyright goods than on their exports. The trade balance for copyright-based industries is presented in Figure 26. While a substantial trade deficit was recorded throughout the period, Serbia managed to significantly decrease the deficit from over 800 million euros in 2008 to around 550 million euros in 2012.

Figure 26: Foreign trade in copyright-based industries (in EUR mill)



5. DEVELOPMENTS IN SELECTED CORE COPYRIGHT-BASED INDUSTRIES

This section examines key developments in selected core copyright-based industries – press and literature, radio and television, film and video, music, theatre and opera, and software, and we also present data related to existing collective societies in Serbia.

5.1 Press and Literature

Press and literature represents the key core copyright-based industry in Serbia. The press and literature group includes companies that print, publish and sell books, newspapers and magazines or similar products. Of these companies, printing companies have by far the most important share, followed by publishing companies and companies mainly selling these products. In this section we briefly analyze quantitative data related mainly to publishing and printing activities.

Table 28 shows which activities within the press and literature group were gaining or losing in economic importance. Both book publishing (58.11) and publishing of newspapers (58.13) contracted from a 0.043% share of the economy in 2008 to 0.027%, and from 0.039% to 0.025% in 2012 respectively. Other publishing activities experienced a similar decrease. The major exception is other printing (22.13), which did much better by expanding from a 0.073% to a 0.128% share of the economy in 2012.

Table 28: Value added in Press and Literature, % (key industries)

Code	Name	GVA 2008	GVA 2010	GVA 2012
58.11	Book publishing	0.043%	0.032%	0.027%
58.13	Publishing of newspapers	0.039%	0.039%	0.025%
58.14	Publishing of journals and periodicals	0.022%	0.025%	0.020%
58.19	Other publishing activities	0.010%	0.002%	0.003%
18.11	Printing of newspapers	0.013%	0.013%	0.005%
18.12	Other printing	0.073%	0.128%	0.128%
18.13	Pre-press and pre-media services	0.008%	0.013%	0.010%
47.61	Retail sale of books in specialized stores	0.007%	0.019%	0.016%
90.03	Artistic creation	0.008%	0.008%	0.007%
91.01	Library and archives activities	0.022%	0.026%	0.024%

The number of enterprises in the press and literature sector slightly increased from 3312 in 2008 to 3349 in 2012, while different activities exhibited opposite movements (Table 29). The number of enterprises decreased noticeably in several activities: 58.11 book publishing, 58.13 publishing of newspapers, 58.19 other publishing and 47.61 retail sale of books in specialized stores. All other activities either showed no significant growth, increased slightly or had just a few enterprises. The number of entrepreneurs gradually increased from 3.313 in 2008 to 3.674 in 2012.

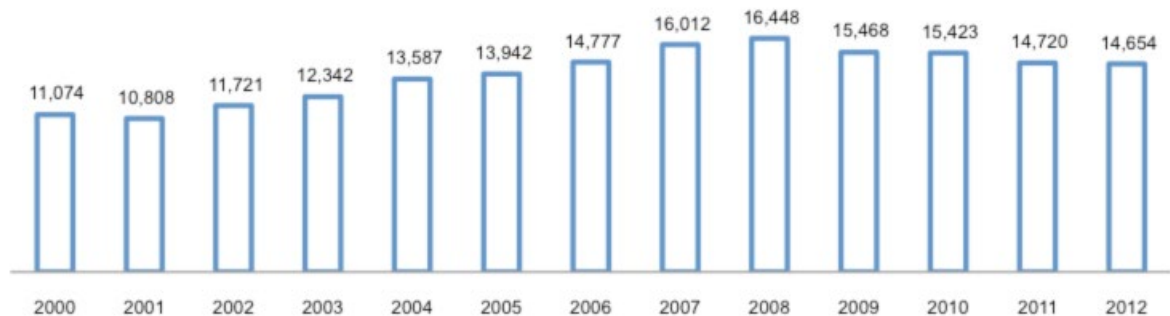
Table 29: Number of enterprises and entrepreneurs in Press and Literature (key industries)

Code	Name	Entrepreneurs			Enterprises		
		2008	2010	2012	2008	2010	2012
58.11	Book publishing	229	228	228	716	718	658
58.13	Publishing of newspapers	23	19	19	207	218	183
58.14	Publishing of journals and periodicals	46	47	56	233	242	241
58.19	Other publishing activities	55	54	52	138	125	115
18.11	Printing of newspapers	14	10	9	44	37	29
18.12	Other printing	1,358	1,418	1,373	789	835	794
18.13	Pre-press and pre-media services	363	425	444	179	184	163
47.61	Retail sale of books in specialized stores	590	545	493	183	183	160
90.03	Artistic creation	8	29	84	197	209	214
91.01	Library and archives activities	0	0	0	196	203	202

Source: SORS

More than 600 companies and 700 entrepreneurs published on average around 15,000 book titles per year for the 2008-2012 period. Yet, the number of books and brochures published by Serbian publishers decreased from 16,448 in 2008 to 14,654 in 2012 (or 11% less than four years before, when the peak of book publishing was reached). Throughout the observed period, around 85% of published book titles were first editions, while the remaining 15% were re-editions.

Figure 27: Total number of book titles published (2000-2012)



Source: National Library

Table 30: Published books in Serbia (2008-2012)

Year	Total	Translations (total)		Literature		Textbooks	Children
		Number	Share	Domestic	Translations		
2008	16,448	–	–	4,702	1,111	2,316	1,222
2009	15,468	3,514	23%	4,296	1,518	2,224	1,339
2010	15,423	3,071	20%	4,237	1,136	2,340	1,166
2011	14,720	3,378	23%	4,316	1,233	2,518	1,089
2012	14,654	2,813	19%	4,232	1,026	2,289	971

Source: National Library

Further inspection of the books published reveals that the trend in book publishing is moving slowly toward domestic works at the expense of translations. The former dominate and make up about 80% of the total number of titles. Literature represents only a minor part of all published books. In 2012, around 20% of the

total number of published book titles fell into this category. The rest were various professional or specialty books, children's literature, manuals, textbooks and similar publications. Of the literary works, around half were Serbian and half foreign.

The distribution of books is mainly (around 50%) organized and realized through the book stores which are part of different publishers in more than 50% cases. The book stores are unevenly distributed across the country, and are mostly concentrated in big cities such as Belgrade.

The total number of libraries rapidly declined in the period from the 1960s to the 2000s. In the 2000s, the number of libraries also decreased compared to the previous period, but not significantly. On the other hand, the number of registered library users (members) increased from 1,339,809 in 2010 to 1,369,295 in 2011.⁶⁴ In 2011, the shares of scientific, school and public libraries in the total number of libraries were 0.08%, 8.1% and 59.6% respectively. As for the total number of book copies in 2011, national libraries held 8.7%, tertiary education libraries 13.3%, school libraries 32.9%, specialized libraries 7.3% and public libraries 37.8%.⁶⁵ The total number of serial publications in 2010 fell by about 2.7% in relation to the previous year, in 2009 this number fell by about 6% in comparison to 2007, while in 2008 this number increased by about 14% in relation to the previous year.⁶⁶

Table 31: Structure of serial publications

Structure of Serial Publications	2008	2009	2010
Newspapers	27%	24%	21%
Periodicals	63%	67%	64%
Other serial publications	10%	9%	9%

Source: SORS

Diverse events in the area of publishing and distribution of books are very important for the further development and promotion of this industry. At the moment, about 135 different events are registered that are aimed at the promotion of books and literature.⁶⁷ Some of them are very popular and have contributed significantly to an increased understanding of the importance of this industry and attracting literature audiences (for example, the Belgrade Book Fair that has been taking place for almost 60 years, in 2013 gathered almost 500 publishers and more than 150 thousand visitors).

5.2 Radio and Television

Radio and television was among the top five most important core copyright industries in our study and had the fifth highest value added among core copyright industries. Table 32 shows which activities within the radio and television group were gaining or losing in economic importance. The table shows that television programming and broadcasting activities (60.20) have experienced a dramatic decline (from a 0.037% share of the economy in 2008 to 0.016% in 2012). Radio broadcasting experienced a similar decrease. However, the share of radio and television is probably underestimated as some TV stations are registered as companies performing cable telecommunications (61.10).

Table 32: Value added in Radio and Television, % (key industries)

Code	Name	GVA 2008	GVA 2010	GVA 2012
59.11	Motion picture, video and television program production activities	0.007%	0.006%	0.006%
60.10	Radio broadcasting	0.005%	0.001%	0.002%
60.20	Television programming and broadcasting activities	0.037%	0.019%	0.016%

⁶⁴ SORS, Statistical Yearbook (2012, 2011, 2010, 2009).

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ See Center for Study in Cultural Development, Agenda of Events, available at www.zaprokul.org.rs/AgendaManifestacija/Search.aspx.

Conversely, activity in this industry grew over the last decade. The total number of radio and TV programs was constantly increasing in the observed period from 2008 to 2012, with the highest rise in 2012. In 2012, there were 335 radio and TV stations.

Table 33: TV and Radio: Time, number of TV and radio stations

Year	Total	Time (hours)		Stations		Stations		National Minority Program
		TV	Radio	Private	Public / Other	TV	Radio	
2008	257	481,937	986,000	-	-	94	163	-
2009	283	694,439	1,531,373	192	91	96	187	29,441
2010	285	677,723	1,501,162	194	80	95	190	31,288
2011	330	792,357	1,752,731	229	101	110	220	26,728
2012	335	-	1,749,442	243	102	115	220	-

Source: SORS

In 2011, 2010 and 2009 the number of radio and TV stations increased in relation to the previous years (radio stations by 15%, 2% and 14,7%, and TV stations by 12%, 1% and 2% respectively). Radio program broadcasting increased by 15%, and TV programs by about 17% in 2011, decreased by 2% and by about 2% in 2010, and increased by 55% and by about 44% in 2009. In 2011 there were 70% private radio stations, about 26% public stations and 4% of others in the total number of radio stations. The percentage structure of TV stations was similar: private 70%, public 29% and the others about 1%. In 2010 there were 68% private radio stations, about 28% public stations and 4% of others in the total number of radio stations. The percentage structure of TV stations is similar: private 69%, public 27% and the others about 4%. In 2009, in the total number of radio stations, private radio stations were represented with 68%, public with about 28% and others with 4%. The structure of TV stations was similar: private 68%, public 30% and the others about 2%.⁶⁸ Currently, there are 436 terrestrial broadcasters, while 709 different operators have permits for cable broadcast. Of the terrestrial broadcasters, 400 broadcasters are covering the whole program, 36 broadcasters are offering specialized programs, and one broadcaster is offering advertising and selling programs.⁶⁹

Table 34: TV and radio broadcasters in Serbia

Structure of Terrestrial Broadcasting	TV Broadcasters	Radio Broadcasters
National coverage	5	5
Provincial coverage	1	0
Regional coverage	27	47
Local coverage	82	269

Source: Republic Broadcasting Agency

From 2009 to 2011, there were seven national broadcasters; however, they achieved a relatively low level of program diversity. The most dominant types of programs were informative, entertainment, serial and film programs respectively.⁷⁰

5.3 Film and Video

The film and video industry includes film production, film distribution and film showing. Table 35 shows which activities within the film and video group were gaining or losing in economic importance. Motion picture, video and television program production and distribution activities (59.11 and 59.13) as key industries within this group had a relatively stable share in GVA (0.005) throughout the period.

⁶⁸ Statistical Yearbook (2012, 2011, 2010, 2009), Statistical Bureau.

⁶⁹ Register of Licenses, Republic Broadcasting Agency (www.rra.org.rs).

⁷⁰ Comparative analysis of program coverage of national broadcasters from 2009 to 2011, Republic Broadcasting Agency (http://www.rra.org.rs/uploads/useruploads/PDF/1199-Uporedna_analiza_Zanrovi_29_oktob.pdf).

Table 35: Value added in Film and Video, %

Code	Name	GVA 2008	GVA 2010	GVA 2012
59.11	Motion picture, video and television program production activities	0.005%	0.005%	0.005%
59.12	Motion picture, video and television program post-production activities	0.000%	0.000%	0.000%
59.13	Motion picture, video and television program distribution activities	0.005%	0.005%	0.004%
59.14	Motion picture projection activities	0.002%	0.002%	0.002%
77.22	Renting of video tapes and disks	0.000%	0.000%	0.000%
46.43	Wholesale of electrical household appliances	0.000%	0.000%	0.001%
47.43	Retail sale of audio and video equipment in specialized stores	0.002%	0.003%	0.002%
18.20	Reproduction of recorded media	0.000%	0.000%	0.000%

There has been a significant privatization process going on since 2004 in the film industry. The profitability varied among different activities: the smallest earning power belongs to film showing (4.6%), and the distribution film industry had the biggest earning power (18.64%).⁷¹ In 2013, the structure of the film industry market consisted of 341 active companies, out of which 273 were in the production area, 50 in distribution and 33 independent cinema companies (about 126 cinema halls).⁷² The largest number is concentrated in Belgrade (about 90%).

Generally speaking, Serbia belongs to a group of countries with a small film production.⁷³ The production market is divided into several sub-segments: the production of feature-length films, production of animated films, documentaries and experimental films, production services carried out for second parties in the film industry, visual film effects, TV film production and the production of advertisements and audiovisual commercial items. As far as the total film production in 2008-2012 is concerned, this was unstable; however, it reached its peak in 2012 and was dominated by long- and short-length feature and documentary films. In 2012, 85 films of different genres were produced. In 2011 and 2012, 29 long-length films were produced, which is less compared to 2010 (35 long-length films) but more in comparison to 2008 and 2009. Medium-length films are undoubtedly under-represented in the film production in the period observed. On the other hand, the number of short films increased. Short-film production also reached its peak in 2012, when 39 short films were produced. Short documentary films were the most popular among short film producers over the years.

A majority of long-length films were completely domestic, while Serbian majority co-productions were more common than minority co-productions. The number of imported films remains almost the same in 2012 as in 2011.⁷⁴ In the structure of imported films, the most popular are American and European films, while the number of films imported from other countries is negligible.

⁷¹ Mikić H., "Cultural industries and cultural diversity in Serbia" Edicija Ekspertize 1 (2013), Creative Economy Group, Belgrade, available at www.kreativnaekonomija.net/wp-content/uploads/2012/08/Kulturne-industrije-i-raznolikost-kulturnih-izraza.pdf.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ranković, R., Cinematography in Serbia, 2012, Pregled RS 4 (2012).

Table 36: Number of films by type

Film Type	2008	2009	2010	2011	2012
Long-length feature	15	18	21	17	18
Long-length feature documentary	2	5	14	12	11
Long-length feature animated	0	1	0	0	0
Medium length	2	1	0	2	2
Medium-length documentary	9	3	8	8	6
Short feature	13	7	8	12	18
Short documentary	18	16	10	9	13
Short animated	6	9	5	8	8
Experimental	10	2	4	5	9
Total	75	62	70	64	85

Source: Film Center Serbia

The number of cinemas decreased over the period from 1968 (there were 679 cinemas in total)⁷⁵ to 2011. In the observed period the number of cinemas increased in 2010 compared to 2008. Nevertheless, out of the total number of registered cinemas, a smaller number of cinemas staged plays. For example, in 2011, only 74 cinemas were operating,⁷⁶ while in 2012, 88 cinemas were identified as active. The main problem is outdated and/or faulty equipment. The number of seats increased slightly from 2008 to 2010, after which it slightly declined.

Table 37: Number of cinemas and seats

Number of cinemas and seats	2008	2009	2010	2011	2012
Number of cinemas	101	117	126	124	576
Fixed with one room / screen	89	103	109	108	63
Fixed with more rooms / screens	–	12	15	15	13
Mobile	–	2	2	1	0
Rooms / screens	124	159	163	162	117
Seating capacity	44,782	46,509	51,580	50,853	39,721

Source: SORS and Film Center Serbia

About 85% of cinemas operate as a part of other organizations and institutions (usually within a local culture center) and only 15% of them are legal entities whose primary activity is showing films.⁷⁷ Many of them remained active from their foundation. The distribution of all long films increased in the period observed, as did the number of performances. The film-showing structure was dominated by feature and animated films, followed by documentaries. About 80% of films shown are American, while 20% are European and domestic.⁷⁸

⁷⁵ Cinemas in Serbia, (2013), Center for Study in Cultural Development, available at <http://www.zaprokul.org.rs/Media/Document/3560260a41044341978bdd2c38a90976.pdf>.

⁷⁶ SORS, Statistical Yearbook 2012.

⁷⁷ Mikić, H., Rikalo M., "Film market in Serbia: development challenges and solutions" Paper presented at 9th Annual International Conference on Communication and Mass Media, Institute for Education and Research, Athens, Greece, 16-19 May 2011, available at <http://www.kreativnaekonomija.net/wp-content/uploads/2012/08/Hristina-Mikic-Mirjana-Rikalo-Film-market-in-Serbia-11.pdf>.

⁷⁸ Mikić (2013).

Table 38: Number of films showing

Film showing	2008	2009	2010	2011	2012
Number of films screened	–	5,658	5,423	5,824	–
Domestic films	–	668	670	876	–
Foreign films	–	4,990	4,753	4,948	–
Number of performances	48,828	52,014	63,549	75,524	–
Domestic films	8,671	6,705	4,605	10,481	–
Foreign films	40,157	45,309	58,944	65,043	–

Source: SORS

Cinema audiences decreased over the decades. The average in 1990 was 843 visitors per 1,000 people, while in 2009 this ratio came down to 233 visitors per 1,000, i.e. about 84% of people used to go at least once a year to the cinema in 1990, while this percentage decreased to 23% in 2009.⁷⁹ However, the number of cinema visitors increased over the last several years. Because of their small number, Serbian films do not attract a high number of visitors, compared to American and European films. However, domestic films can become extremely popular among the Serbian audience, which was proven in 2011 and 2012, when several Serbian films broke attendance records.

Table 39: Cinemas in Serbia

	2008	2009	2010	2011	2012
Attendance	1,457,000	1,569,666	1,945,992	2,376,329	2,369,379
Domestic films	328,000	247,612	178,117	669,121	463,315
Foreign films	1,129,000	1,322,054	1,767,875	1,707,208	1,906,564
Attendance per thousand inhabitants	208	233	283	347	–
Gross box office receipts	328,823,033	355,728,724	522,428,504	673,076,208	748,668,650
Average ticket price	–	210	271	285	–

Source: SORS and Film Center Serbia

Larger cinema complexes with additional diverse services (within large shopping malls) attract audiences more than many small local cinema theaters, replacing them to a great extent. For example, the biggest such Serbian cinema was visited by more than 50% of cinema visitors in 2012.⁸⁰ The multiplex movie theaters have the highest market share and the most developed technical and technological equipment for showing contemporary films. It is also evident that the increasing popularity of home-theater audio-visual systems and greater availability of films via the internet, lack of the audience's habit of going to the cinema, the level of piracy, and the presence of internet or video clubs, have encouraged a great number of people to watch films at home.

In recent years, companies which try to deal with more than one type of work have appeared (film industry and video production, radio and TV activities, publishing and reproduction of audio scripts). It is noticeable that more and more production companies are turning to the production of advertisements and commercial audiovisual contents (e.g. music videos). On the other hand, there is also a significant trend in the rise of TV production.

⁷⁹ Ibid.

⁸⁰ Mikić, H., Rikalo M. (2011).

5.4 Music and Theater

5.4.1 Music

There is no comprehensive and precise statistical data on the activity of music publishers available from the Statistical Office. The analysis in this subsection is thus limited. From 2009 to 2012, more than 1,800 albums were published in Serbia. Over the period 2009 to 2012 trends were generally negative regarding music production, as the number of albums published decreased over the observed period. The total number of albums published in 2012 recorded a double fall in comparison to those published in 2009. Almost 80% of published records were popular music. Of the total number of published records, 85% were made by Serbian authors.

Table 40: Music publishers and published records

Year	Number of Music Publishers		Number of Published Records	Type of Music		Origin	
	Total	Domestic		Classical	Popular	Domestic	Foreign
2008	–	–	–	–	–	–	–
2009	71	95%	612	30	582	466	84
2010	68	94%	521	25	496	434	37
2011	69	95%	478	57	421	396	74
2012	65	95%	359	34	325	275	48

Source: SOKOJ, OFPS, Business Registry Agency, H. Mihic (2013)⁸¹

In 2012, the Organization of Phonogram Producers of Serbia (OFPS), which is a collective society engaged in protecting the rights of phonogram producers, represented 56 Serbian music publishers and five foreign collective societies which had a repertoire of 2 million foreign records.⁸² Also, OFPS represented around 9,000 Serbian authors (composers, songwriters, arrangers, etc.). In 2012 the Serbian Music Authors' Organization (SOKOJ), which protects music copyright and related right holders, represented, on the basis of their authorizations, 8,148 domestic authors and copyright holders, and 33,711 foreign authors and right holders from 58 contractual societies, on the basis of the contract with foreign authors' societies.⁸³

In 2012, SOKOJ issued 18,359 licenses for the public use of music works to different legal entities.⁸⁴ Bearing in mind that one legal entity may have several objects using SOKOJ's repertoire, SOKOJ used to collect remuneration from 25,000-30,000 objects. In addition, in 2012, SOKOJ issued 698 licenses for the public use of music works for the purpose of different public performances of music, and identified 383 broadcasters (TV and radio stations), 85 cable broadcasters and 81 importers of equipment for reproduction of music, while the remaining number of users were categorized into the "public communication" class using music works in their objects.⁸⁵ In 2012, the average royalty of domestic authors and right holders on the basis of performing rights for 2012 amounted to 22,696 RSD, in spite of the fact that 2,498,189 uses of music works were noted.

⁸¹ Cultural industries and cultural diversity in Serbia (2013), H. Mikić, Edicija Ekspertize 1 (2013), Creative Economy Group, Belgrade, available at www.kreativnaekonomija.net/wp-content/uploads/2012/08/Kulturne-industrije-i-raznolikost-kulturnih-izraza.pdf.

⁸² Data obtained from the OFPS.

⁸³ SOKOJ's Annual Report for 2012 available at http://sokoj.rs/repository/CMS/13_annual_report/annual-report-2012.pdf.

⁸⁴ Data obtained from SOKOJ.

⁸⁵ SOKOJ does not have data on the number of users of music works in 2008 and 2010, as it registers them cumulatively.

Table 41: Number of noted uses of music works

Class	Number of Noted Uses of Music Works
Radio Broadcasting	2,047,145
TV Broadcasting	428,071
Concerts of Classical Music	479
Concerts of Popular Music	3,258
Restaurants with Live Music	3,048
Other Public Events	1,711
Online Use of Music Works	14,477
Total	2,498,189

Source: SOKOJ's Annual Report for 2012

The number of users of phonograms that OFPS identified in 2010 drastically increased compared to 2008; however, it slightly decreased in 2012. In 2012, 2011 and 2010, OFPS had 65, 60 and 58 members respectively.

Table 42: Users of phonograms

Year	Users of Phonograms			Total
	Broadcasters	Re-transmitters	Public Communicators	
2008	367	15	7,993	8,375
2010	345	45	12,471	12,861
2012	380	50	11,917	12,347

Source: OFPS

The main problem that SOKOJ and OFPS face regarding the remuneration process is the absence of income from the biggest public broadcasters, which in particular disrespect the obligations imposed on them by the Copyright Act, and against which court proceedings are still ongoing. At the moment, about 137 different music events (festivals, concerts, competitions) and 100 theater and performing arts events are registered.⁸⁶

5.4.2 Theater

Generally speaking, the trends are negative for theater activity in the observed period. In 2011, the number of theatres decreased compared to 2008, there were fewer performances at theater headquarters, and attendance went down.

Table 43: Theaters in Serbia

Theaters	2008/07*	2009/08	2010/09	2010/11	2012/11
Number of theaters (professional, amateur and children's theaters)	105	99	82	82	–
Seating and standing capacity (in professional theaters)	13,570	12,870	11,774	14,459	–
Performances	7,755	7,268*	6,536	6,538	–
Attendance, in thousands	1,620	1,454	1,409	1,413	–

Source: SORS *Tours abroad included

⁸⁶ Agenda of Events available at www.zaprokul.org.rs/AgendaManifestacija/Search.aspx.

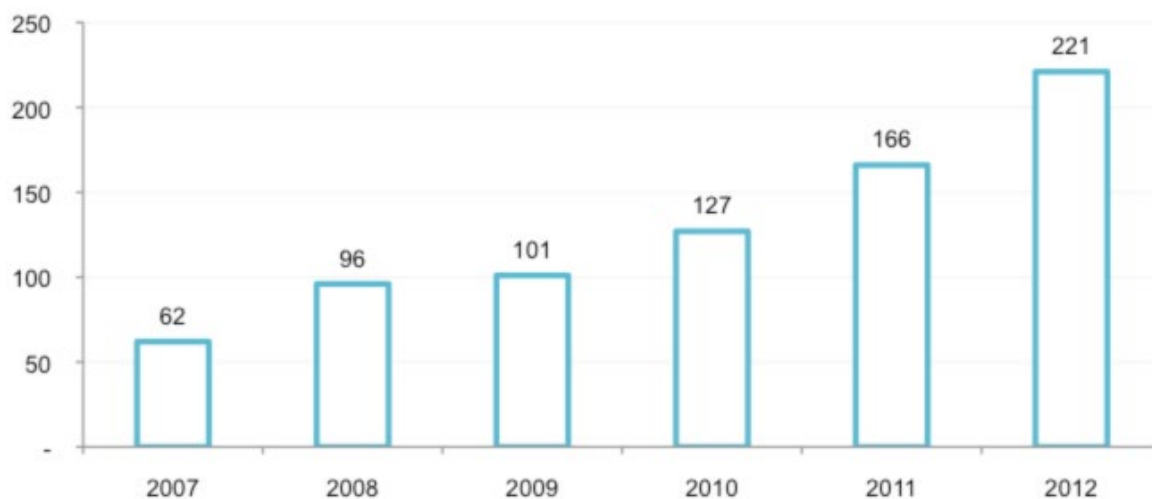
The number of theaters (professional, amateur and children) was down by about 17% in 2009/10 compared with the previous season, and by about 6% in the 2008/09 compared to the previous season. The number of plays in 2009/10 fell by 11%, and theater attendance decreased by over 3% in relation to the theater season 2008/09, while these figures in 2007/08 were 6.3% and 10% compared to the previous season, respectively.

5.5 Software

In 2011 there were 554 software companies, which formed 32% of the total IT industry enterprises.⁸⁷ In terms of company size, a large number of micro companies dominate the Serbian software industry. Employment in the software sector increased significantly above average in 2011 and counted 5,871 employees, which was 39.5% of the total of the IT sector workforce. The largest number of employees (39.6%) was in the microenterprise sub-sector, followed by the small (28.1%) and medium enterprises (22.7%).⁸⁸ The least amount employees were found in the big enterprise sub-sector (9.7%). The SME segment in the software sector recorded a significant number of employees (2,908), while more than 38.5% of employees from this segment work in the IT service sub-sector. The average number of employees in the SME segment was 26.7, which was almost three times bigger than the IT industry average (8.6).

Regarding the application software structure, in 2011 the Serbian market for application software reached a value of €31 million. Business applications (ERP, SCM and accounting) hold the largest part, constituting 52.9%, followed by collaborative applications (DM, CMS, CRM, BI, Portals, Web) with 28.2% of market shares.⁸⁹ Local software producers dominated the accounting and ERP market in Serbia, given their flexibility in developing custom software applications. Custom application development represented an option for a large number of companies (particularly SMEs) seeking a software solution. Other business applications (e-bus mobility, office) comprised 12%, while engineering applications comprised 6.9% of the total products in the software industry in 2011. The Serbian software sector generated a total revenue of more than €220 million in 2012, and despite the economic crisis, profit and net assets of the Serbian software sector continued to grow.

Figure 28: Export of computer services, EUR million



Source: National Bank of Serbia

When it comes to geographic distribution of software companies in Serbia, most companies are located in Belgrade, Niš and Novi Sad. Software companies have managed to create a strong presence in foreign markets by marketing their own solutions, but also by being able to provide the highest quality outsourcing services and partnering with IT companies worldwide. Thus, Serbia has emerged as a very interesting alternative location for the development of sophisticated software. In addition, several hundred freelance professionals from Serbia registered themselves on globally recognized sites such as *Elance* and *ODesk*, which focus on IT

⁸⁷ Matijević, M., M. Šolaja, "ICT in Serbia at a Glance", January, 2013.

⁸⁸ Ibid.

⁸⁹ Ibid.

and programming in the areas of web development, software development, and networking and information systems.⁹⁰ These people export their services to foreign clients and are not covered by the official statistics in Serbia; hence, their value added, employment and foreign trade contributions to the Serbian economy could not be assessed precisely. Moreover, there are several hundred companies registered on these two platforms.

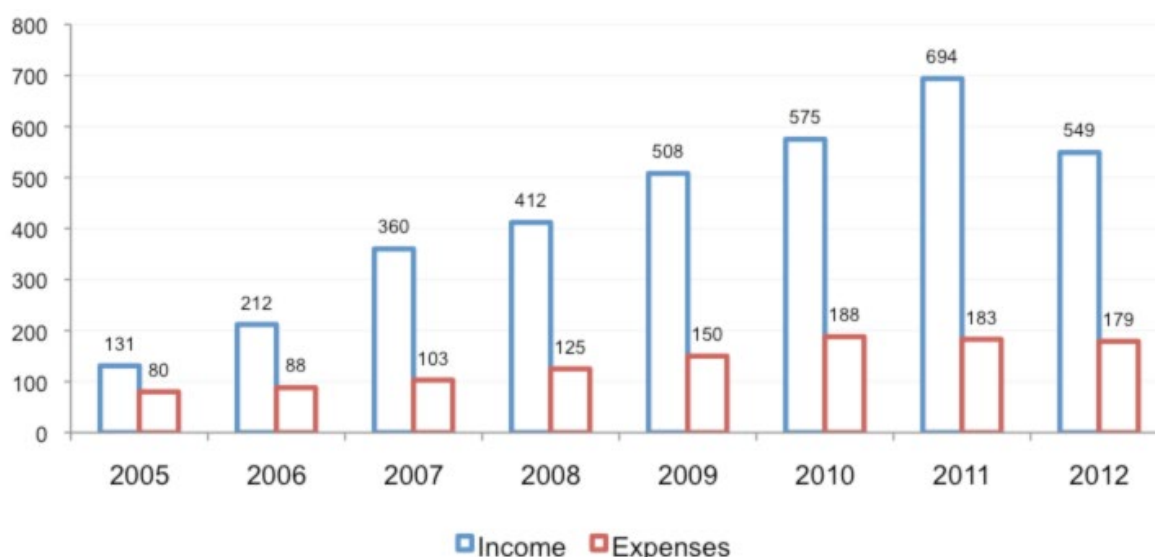
5.6 Collective Management Organizations

As already mentioned in Section 2, the Law on Copyright and Related Rights governs the collective administration of copyright and related rights, through collective management organizations, that is organizations for collective administration of copyright and related rights. The Intellectual Property Office, as the organization in the government administration of the Republic of Serbia responsible for intellectual property matters, issues operating licenses and supervises the work of collective management organizations.⁹¹

5.6.1 SOKOJ

The Serbian Music Authors' Organization (SOKOJ) was founded in 1950. It is the oldest and until recently the only organization for the collective protection of music copyright and related rights. SOKOJ is a non-profit organization with certain public powers transferred to the organization with the aim of protecting the rights of composers, songwriters, arrangers and other right holders in respect of musical works of all genres. SOKOJ performs its activity on the basis of the Copyright and Related Rights Act ("Official Gazette of Serbia and Montenegro" no.61/04) and appropriate authorizations are obtained, in accordance with the law, from the Intellectual Property Office. On the one hand, SOKOJ issues licenses for public performances and broadcasting protected music works, and on the other hand, it collects remuneration from users of those works, and distributes and processes payment of collected remuneration to authors and other copyright holders both in the country and abroad. SOKOJ represents, on the basis of their authorizations, over 9,000 domestic authors and copyright holders, and more than 2,000,000 foreign authors, on the basis of almost 100 bilateral agreements concluded with foreign copyright societies. SOKOJ has concluded 58 reciprocal representation contracts on performing rights, and 40 on mechanical rights.

Figure 29: Income and expenses of SOKOJ, RSD million



Source: SOKOJ's Annual Report for 2012

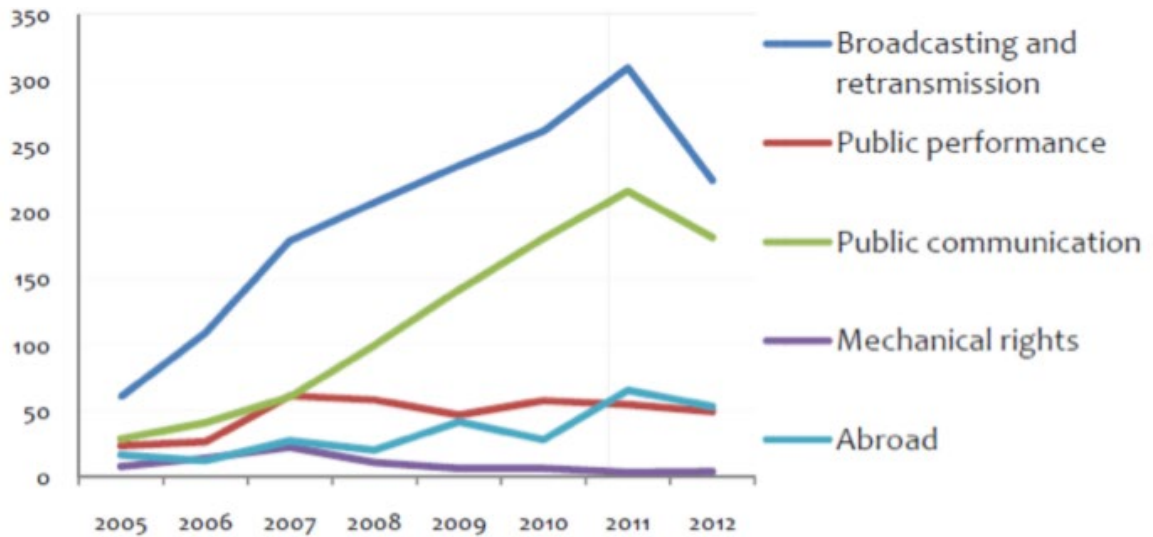
As shown in Figure 29, SOKOJ's income increased from 2005 to 2011, and significantly decreased in 2012. Namely, its income of 549.1 million RSD in 2012 was 21.9% lower compared to 2011, making 60.88% of

⁹⁰ Based on www.elance.com and www.odesk.com search engine results.

⁹¹ A new organization for the collective administration of copyright and related rights has been announced (the establishment of the organization that will represent publishers is underway).

the realized income from the Annual Plan for 2012. In 2012, SOKOJ's income was lower than in 2010, but still higher than in 2008. The average rate of payment realization in 2012 was 40.19%.

Figure 30: Income of SOKOJ per class (2005-2012)



Source: SOKOJ

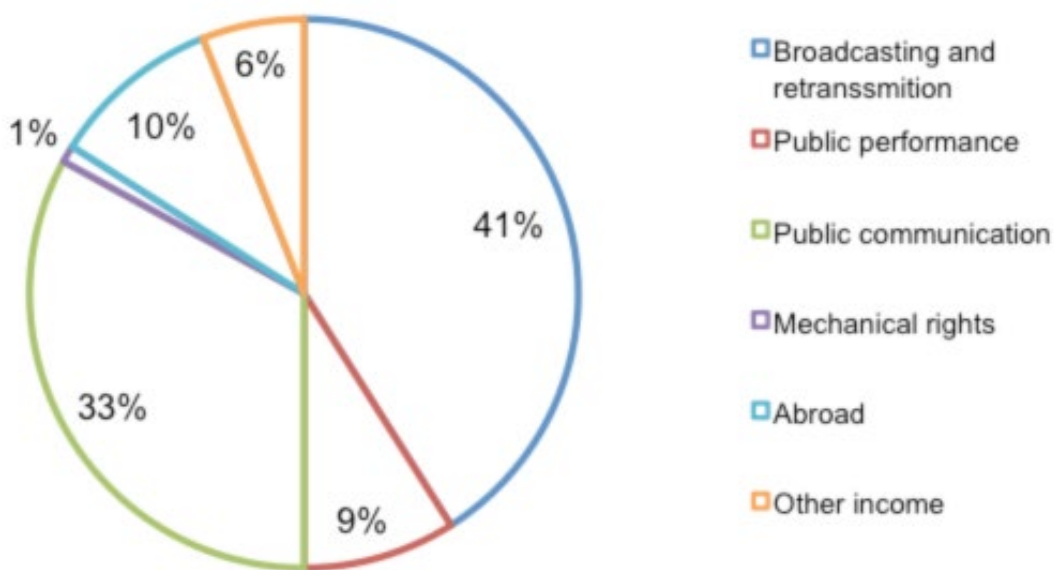
Income decreased in the class "broadcasting", especially in the subclass "concerts of classical music", while income in the subclass "cable broadcasting" increased. Income from abroad also dropped in 2012, consisting of payments from 40 foreign societies. Income on the basis of mechanical rights increased.

There are a number of factors which contributed to the drastic fall of income in 2012. Firstly, SOKOJ has signed for the first time written agreements on the Tariffs of Remunerations with numerous representative associations of users in 2012. It caused great discontent among users, and was followed by an organized boycott of the payment of remuneration. SOKOJ responded by proposing negotiations for discounts. After the negotiations, which lasted several months, protocols about the application of tariffs were changed, enabling different discounts for users, each of them under certain conditions. Most importantly, there was a time limit for payment of remuneration. Agreements were made and finalized during the summer; however, in the meantime, SOKOJ was not issuing invoices. The discounts and postponement of the calculation of remunerations for users in the first half of 2012, as well as significant changes in the payment technology that SOKOJ introduced in summer 2012, lessened the decrease in income in 2012.

Secondly, the tension created by the Amendments to the Law on Copyright and Related Rights adopted in 2012 also affected the decrease in income. The Amendments to the Law prescribed that craftsmen stores (independent and productive) are exempt from paying authors remuneration. For communication to the public of music works in commercial premises (hotels, restaurants, stores, etc.), the maximum amount of remuneration is up to the level of the minimum wage excluding taxes and fees, and users are classified by users' associations. Remuneration for communication to the public is paid jointly for authors' and related rights, with the proportion— 50% to authors and 50% to interpreters and phonogram producers – now divided evenly. Remuneration for payers of private copying remuneration is limited, up to 1% or 3% from the selling price of a device or a carrier. In addition to the aforementioned changes, lobbying for amending the existing Law started at the beginning of 2012, and a large number of users expected the fulfillment of a promise related to the abolition of music remuneration announced by some political representatives, which affected the decrease in remuneration.

Finally, a long-lasting problem with the Serbian national broadcaster RTS has not been resolved yet. The Serbian national broadcaster RTS had not paid royalties, persistently refusing to honor its copyright obligations. This reluctance of RTS to pay royalties significantly impacted on SOKOJ's decrease in income.

Figure 31: Structure of SOKOJ's income in 2012



Source: SOKOJ

In the 2012 income structure, the major part came still from the use of music works on the basis of broadcasting: radio and TV dropped, as well as public communication, while cable increased. In 2012, five music publishers (RDU RTS PGP, City Records, B92, Grand Production, and Power Music Label) recorded a fall in SOKOJ's income from production and distribution of sound and/or image carriers (mechanical rights), with a total of 898 music editions.⁹²

In regards to SOKOJ's expenses, they increased from 2005 to 2010, which was primarily caused by an increasing number of court proceedings against users who did not pay their financial obligations on the basis of copyright. However, SOKOJ's expenses decreased in 2011 and then again in 2012. Its expenses of 179.3 million RSD in 2012 were similar to 2011 (98.2% compared to 2011). The proportion of expenses in the income in 2012 was 32.64%. The total amount of funds for distribution on the basis of performing rights for 2012 dropped due to the decrease of income reaching 360.6 million RSD. SOKOJ distributed 4.2 million RSD on the basis of mechanical rights in 2012, after deducting expenses in the amount of 10%, to the total of 1,574 domestic authors and right holders and 31 contractual societies. They earned 53.2 million RSD from abroad. On the basis of reports and accounts of foreign authors' societies, 21.6 million RSD from cable retransmission of domestic channels abroad were distributed through the Fund for Performing Rights, and the remaining amount of 28.4 million RSD, after deducting the 10% expenses which remained unchanged, was distributed to authors and right holders.

⁹² Serbian Music Authors' Organization's Annual Report for 2012, available at http://sokoj.rs/repository/CMS/13_annual_report/annual-report-2012.pdf.

5.6.2 *Organization for Collective Administration of Performers' Rights – PI ("Prava interpretatora")*

The organization for Collective Administration of Performers' Rights, as a collective organization operating under the collective management license granted by the Intellectual Property Office in 2007 (and updated in 2012), is authorized to perform the following activities:

- Collection and distribution of a performer's equitable remuneration for broadcasting, rebroadcasting, public performance and communication to the public of performances from the published phonograms;
- Collection and distribution of a performer's remuneration for making available on demand to the public of performances, by wired or wireless means;
- Collection and distribution of a performer's remuneration for private copying; and
- Protection of foreign performers and protection of Serbian performers abroad by concluding bilateral agreements with foreign collective management organizations.

PI does not collect the remunerations from users itself, as this is carried out by SOKOJ (special remuneration from 2012, and public communication remuneration from 2014) and OFPS (unified remuneration for broadcasting and rebroadcasting from 2011, and public communication remuneration from 2011 to 2014). Therefore, SOKOJ and OFPS distribute an appropriate amount of collected remunerations for performers to PI, which distributes the collected revenue to performers. Calculation of individual remunerations is done in accordance with the Distribution Plan based exclusively on playlists distributed by the users. PI had 380 members in 2008, 500 in 2010 and 830 in 2012. Nowadays, PI has around 1,100 members, while it protects the rights of almost 15,000 performers. It is important to note that membership is not mandatory if performers are willing to protect their rights with PI.⁹³ PI protects the rights of more than 100,000 interpretations, which means that it has full information and mandates directly gained from the performers for this number of interpretations (songs) to protect accompanying rights.

From 2005 to 2010, there was no equitable remuneration for communication to the public, broadcasting, cable retransmission, making available on demand, and remuneration from rental right (collection for performers).⁹⁴ The lack of payment in Serbia, or not recorded collection of remuneration for cable retransmission could be explained, for example, by the fact that remuneration for cable retransmission is collected together with remuneration for broadcasting and communication to the public. As for private copying collection, from 2005 to 2008 there were neither collections nor remuneration, while in 2009 and 2010 gross amounts of 68,200 EUR and 29,100 EUR respectively (VAT not included), were noted. PI did not distribute any remuneration to performers in 2008, while it distributed 2.4 million RSD in 2010, and 74 million RSD in 2012 in total.⁹⁵ In 2009 and 2010, PI distributed revenue to performers just on the basis of collected special remuneration, which included remuneration from imported empty compact discs, photographs and photocopying devices. One of the reasons for this state of play was the unresolved relationship between PI and OFPS. A significant increase in the performers' remuneration distributed in 2012 compared to 2010 was directly related to achieving a clear definition of PI's relationship with OFPS. Also, the fact that some of the above-mentioned rights have only been recently introduced into the national legislation, and collection of remuneration has not yet begun, could also explain the lack of performers' equitable remunerations in the period analyzed.

5.6.3 *OFPS (Organization for Collective Administration of Phonogram Producers' Related Rights of Serbia)*

The organization for Collective Administration of Phonogram Producers' Related Rights of Serbia is a collective society engaged in protecting the rights of phonogram producers, founded in 2002. OFPS represents music publishers from the territory of the Republic of Serbia, protecting their interests, collecting remuneration for the exploitation of music, and distributing it to phonogram producers. Members of the Organization are phonogram producers and holders of rights of phonogram producers, legal and natural persons headquartered or domiciled in the territory of the Republic of Serbia, who submit the repertoire of published phonograms to the OFPS and who license the Organization to exercise, in its own name and for their account, protection of the rights of phonogram producers and holders of the rights of phonogram producers.

⁹³ PI also assesses that there are around 100 importers of compact discs.

⁹⁴ Performers' Rights in International and European Legislation: Situation and Elements for Improvement (2013), AEPO ARTIS.

⁹⁵ Data obtained from PI.

5.6.4 *Organization for Collective Administration of Photographic Rights – OFA*

The Organization for Collective Administration of Photographic Rights started operating only in 2013 on the basis of the license granted by the Intellectual Property Office. Specifically, OFA exercises the following rights: allows cable retransmission of photographic works; the remuneration from import or trade of technical equipment that could be used for distribution of photographic works for personal and non-commercial needs of physical persons, and the remuneration from a legal or physical entity which used to offer paid photocopying services.

6. CONCLUSIONS AND RECOMMENDATIONS

The study shows that the Serbian copyright and related rights industry made up between 3.66 and 4.00% of the country's GDP over the period of 2008–2012, and that copyright-related economic activities show that the Serbian copyright industry comprised 4.45% of the gross value added in 2012. The core copyright industry has a dominant share, with more than half of the value added created in the copyright industry in 2012. While the core copyright industry contributed 3.10% of GVA, the interdependent copyright industry made up 0.58%, and the partial copyright industry created 0.22% of the value added in the economy. The largest copyright industry throughout the period was Press and Literature with a little less than one% contribution to the economy at the end of the period. The rapidly growing Software and Databases industry, classified as a core copyright activity, has quickly been catching up.

The findings above allow for mapping the Serbian copyright industries' position in the global arena by comparing the importance of the copyright industry in other countries which have conducted similar statistical research. Serbia is somewhat below average and takes only 34th position in the group of 40 countries. Nevertheless, in terms of the contribution of the core copyright industries, Serbia, with a 3.10% contribution, ranks 23rd. This is close to the average for other countries, as more than half of the total contribution (2.85% out of 5.22%) of the copyright industries to GDP comes from the core copyright industries. The Serbian copyright industry is also smaller than a corresponding part of the economy in neighboring Croatia, Romania and Bulgaria. International comparison reveals that Serbia has a huge potential to increase the share of CBIs, and move toward a more advanced stage of the copyright economy.

1. Development policy and planning the follow-up study. Despite several national strategic documents, including the most recent Strategy for the Development of the Intellectual Property in Serbia for 2011–2015, none elaborate in detail the financial, tax and statistical aspects and features of copyright and related rights industries. Above all, most documents lack sufficient and reliable data to identify fully the scope of the problem and define adequate policy measures. The study shows that Serbia has a great potential to increase further the share of CBIs in the total output, but also reveals major weaknesses and underdeveloped CBIs. The recommendation to the Serbian intellectual property office is to plan the implementation of a follow-up copyright study that should cover the years starting with 2013. Depending on the funding available, it would be ideal to conduct the study at least once every five years. The SIPO could also initiate similar exercises with respect to other intellectual property rights (trademarks, patents, etc.). The best way to solve the data gathering problem would be to discuss the possibility that SORS should provide SIPO with the data on an annual basis, so that SIPO could use it for analytical purposes. This would enable the Government of Serbia and SIPO to pursue evidence-based policies and specific policy measures informed by rigorously established objective evidence.
2. Policies aimed at raising and improving general awareness of the importance of copyright in Serbia. There is a need to raise and improve general awareness of copyright in Serbia. During our focus groups discussions with the panel of several CBIs representatives, it became obvious that there is a need not only to raise the general public awareness of the importance of copyright, but more importantly to take some measures to improve the knowledge of creators and other right-holders of the meaning and scope of their rights and the implications of their rights.
3. Policies aimed at raising the collaboration and quality of collective management organizations. Special focus should be on development and collaboration policies for CBIs and especially for collective management organizations. Copyright-based industries consist of many different types of activities and fields, and such diversity weakens the bargaining power of these industries in comparison to other industrial sectors. However, these industries have a clear common interest in copyright protection; therefore, an exchange of information and experience and other ways of collaboration between them could lead to a more favorable position toward policymakers and other stakeholders, for example professional associations. This is especially relevant as several CMOs have just been established or they are about to be established.
4. Improvements in copyright and related-right enforcement. Although copyright infringement and the problem of piracy were not the subject of this study, we cannot neglect the fact that this is one of the most important issues in Serbia. Proper legal enforcement of rights represents a *sine qua non* for successful

copyright and a related rights framework. It is the necessary step that would enable continuous growth of the core copyright industries. Weak enforcement represents a major barrier to entry and prevents development of certain markets (e.g. in Serbia the e-books market is almost nonexistent and publishers quote weak enforcement as the most important reason). A proper action plan for improvement of enforcement should be based on a thorough analysis of present industry practices. Education of judges who preside in disputes related to copyrights and related rights is of crucial importance.

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Annex 1 Complete Copyright-based Activities List

with Correspondence between NACE Rev. 1.1 and NACE Rev. 2, and Corresponding Copyright Factors

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
2211	5811	Direct	SINGLE			Book publishing	100	1	1	1
2211	5812	Direct	SINGLE			Publishing of directories and mailing lists	100	1	1	1
2212	5813	Direct	SINGLE			Publishing of newspapers	100	1	1	1
2213	5814	Direct	SINGLE			Publishing of journals and periodicals	100	1	1	1
2215	5819	Direct	SINGLE			Other publishing activities	100	1	1	1
2221	1811	Direct	SINGLE			Printing of newspapers	100	1	1	1
2222	1812	Direct	SINGLE			Other printing	100	1	1	1
2223	1814	Direct	SINGLE			Binding and related services	100	1	1	1
2224	1813	Direct	SINGLE			Pre-press and pre-media services	100	1	1	1
2225				I.1	Press and Literature			1	1	1
52471	4761	Direct	SINGLE			Retail sale of books in specialized stores	100	1	1	1
52472	4762	Direct	SHARED			Retail sale of newspapers and stationery in specialized stores	90	1	1	1
5250	4779	Direct	SHARED			Retail sale of second-hand goods in stores	10	1	1	1
74851	7430	Direct	SINGLE			Translation and interpretation activities	100	1	1	1
9240	6391	Direct	SINGLE			News agency activities	100	1	1	1
9231	9003	Direct	SHARED			Artistic creation	60	1	1	1
9251	9101	Direct	SINGLE			Library and archives activities	100	1	1	1
7485	8219	Direct	SINGLE			Photocopying, document preparation and other specialized office support activities	100	1	1	1

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
2214	5920	Direct	SINGLE			Sound recording and music publishing activities	100	1	1	1
2231	1820	Direct	SHARED			Reproduction of recorded media	46	1	1	1
5245	4743	Direct	SHARED			Retail sale of audio and video equipment in specialized stores	15	1	1	1
5245	4763	Direct	SINGLE	I.2	Music, Theater, Opera	Retail sale of music and video recordings in specialized stores	100			1
5143	4643	Direct	SHARED			Wholesale of electrical household appliances	0.8	1	1	1
9231	9001	Direct	SINGLE			Performing arts	100	1	1	1
9232	9004	Direct	SINGLE			Operation of arts facilities	100	1	1	1
9234	9329	Direct	SINGLE			Other amusement and recreation activities	90	1	1	1
9231	9002	Direct	SINGLE			Support activities to performing arts	100	1	1	1
9211	5911	Direct	SHARED			Motion picture, video and television program production activities	45.5	1	1	1
9211	5912	Direct	SHARED			Motion picture, video and television program post-production activities	45.5	1	1	1
9212	5913	Direct	SINGLE			Motion picture, video and television program distribution activities	100	1	1	1
9213	5914	Direct	SINGLE	I.3	Motion Picture and Video	Motion picture projection activities	100	1	1	1
71402	7722	Direct	SINGLE			Renting of video tapes and disks	100	1	1	1
5143	4643	Direct	SHARED			Wholesale of electrical household appliances	0.8	1	1	1
5245	4743	Direct	SHARED			Retail sale of audio and video equipment in specialized stores	15	1	1	1
2232	1820	Direct	SHARED			Reproduction of recorded media	2	1	1	1
7481	7420	Direct	SINGLE	I.5	Photography	Photographic activities	100	1	1	1
9231	9003	Direct	SHARED			Artistic creation	40	1	1	1
92521	9102	Direct	SHARED	I.7	Visual and Graphic Arts	Museums activities	20	1	1	1

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
9220	5911	Direct	SHARED			Motion picture, video and television program production activities	54.5	1	1	1
9211	5912	Direct	SHARED	I.4	Radio and TV	Motion picture, video and television program post-production activities	54.5	1	1	1
9220	6010	Direct	SINGLE			Radio broadcasting	100	1	1	1
9220	6020	Direct	SINGLE			Television programming and broadcasting activities	100	1	1	1
2233	1820	Direct	SHARED			Reproduction of recorded media	52	1	1	1
7221	5821	Direct	SINGLE			Publishing of computer games	100	1	1	1
	5829	Direct	SINGLE			Other software publishing	100	1	1	1
7222	6201	Direct	SINGLE	I.6	Software and Databases	Computer programming activities	100	1	1	1
	6202	Direct	SINGLE			Computer consultancy activities	100	1	1	1
7230	6311	Direct	SINGLE			Data processing, hosting and related activities	100	1	1	1
7260	6209	Direct	SINGLE			Other information technology and computer service activities	100	1	1	1
7440	7311	Direct	SINGLE	I.8	Advertising Services	Advertising agencies	100	1	1	1
7440	7312	Direct	SINGLE			Media representation	100	1	1	1
n.a.	n.a.	Direct	SINGLE	I.9	Collective Societies	Collective societies	100	1	1	1
3230	2640	Direct	SINGLE		TV sets, Radios, VCRs, [...] and Other Similar Equipment	Manufacture of consumer electronics	100	1	1	1
5143	4643	Direct	SHARED	II.1		Wholesale of electrical household appliances	33	1	1	1
5245	4743	Direct	SHARED			Retail sale of audio and video equipment in specialized stores	70	1	1	1

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
3002	2620	Direct	SINGLE			Manufacture of computers and other information-processing equipment	100	1	1	1
5184	4651	Direct	SINGLE	II.2	Computers and Equipment	Wholesale of computers, computer peripheral equipment and software	100	1	1	1
7133	7733	Direct	SINGLE			Renting and leasing of office machinery and equipment (including computers)	100	1	1	1
5185	4652	Direct	SHARED			Wholesale of electronic and telecommunications equipment and parts	95	1	1	1
3001	2823	Direct	SINGLE	II.4	Photocopiers	Manufacture of office machinery	100	1	1	1
3630	3220	Direct	SINGLE	II.3	Musical Instruments	Manufacture of musical instruments	100	1	1	1
3340	2670	Direct	SINGLE	II.5	Photographic and Cinematographic Instruments	Manufacture of optical instruments and photographic equipment	100	1	1	1
5143	4643	Direct	SHARED			Wholesale of electrical household appliances	2	1	1	1
2465	2680	Direct	SINGLE	II.6	Blank Recording Material	Manufacture of magnetic and optical media	100	1	1	1
2111	1711	Direct	SINGLE			Manufacture of pulp	100	0.7	0.7	0.7
2112	1712	Direct	SINGLE			Manufacture of paper and paperboard	100	0.7	0.7	0.7
2955	2895	Direct	SINGLE	II.7	Paper	Manufacture of machinery for paper and paperboard production	100	0.7	0.7	0.7
5156	4676	Direct	SINGLE			Wholesale of other intermediate products	100	0.7	0.7	0.7
52473	4762	Direct	SINGLE			Retail sale of newspapers and stationery in specialized stores	10	1	1	1

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
1710	1310	Indirect	SINGLE			Preparation and spinning of textile fibers	100	0.006	0.006	0.006
1720	1320	Indirect	SINGLE			Weaving of textiles	100	0.006	0.006	0.006
1730	1330	Indirect	SINGLE			Finishing of textiles	100	0.006	0.006	0.006
1740	1392	Indirect	SINGLE			Manufacture of made-up textile articles, except apparel	100	0.006	0.006	0.006
1760	1391	Indirect	SINGLE			Manufacture of knitted and crocheted fabrics	100	0.006	0.006	0.006
1771	1431	Indirect	SINGLE			Manufacture of knitted and crocheted hosiery	100	0.006	0.006	0.006
1772	1439	Indirect	SINGLE			Manufacture of other knitted and crocheted apparel	100	0.006	0.006	0.006
1810	1411	Indirect	SINGLE			Manufacture of leather clothes	100	0.006	0.006	0.006
1821	1412	Indirect	SINGLE			Manufacture of work wear	100	0.006	0.006	0.006
1822	1413	Indirect	SINGLE			Manufacture of other outerwear	100	0.006	0.006	0.006
1823	1414	Indirect	SINGLE			Manufacture of underwear	100	0.006	0.006	0.006
1824	1419	Indirect	SINGLE	III.1	Apparel, Textiles and Footwear	Manufacture of other wearing apparel and accessories	100	0.006	0.006	0.006
1910	1511	Indirect	SINGLE			Tanning and dressing of leather; dressing and dyeing of fur	100	0.006	0.006	0.006
1920	1512	Indirect	SINGLE			Manufacture of luggage, handbags and the like, saddlery and harness	100	0.006	0.006	0.006
1930	1520	Indirect	SINGLE			Manufacture of footwear	100	0.006	0.006	0.006
2954	4664	Indirect	SHARED			Wholesale of machinery for the textile industry and of sewing and knitting machines	40	0.006	0.006	0.006
5142	4642	Indirect	SINGLE			Wholesale of clothing and footwear	100	0.006	0.006	0.006
5241	4751	Indirect	SINGLE			Retail sale of textiles in specialized stores	100	0.006	0.006	0.006
5242	4771	Indirect	SINGLE			Retail sale of clothing in specialized stores	100	0.006	0.006	0.006
5243	4772	Indirect	SINGLE			Retail sale of footwear and leather goods in specialized stores	100	0.006	0.006	0.006
3621	3211	Indirect	SINGLE			Striking of coins	100	0.2	0.2	0.2
3622	3212	Indirect	SINGLE		Jewelry and Coins	Manufacture of jewelry and related articles	100	0.2	0.2	0.2
3661	3213	Indirect	SINGLE			Manufacture of imitation jewelry and related articles	100	0.2	0.2	0.2
52485	4777	Indirect	SINGLE			Retail sale of watches and jewelry in specialized stores	100	0.2	0.2	0.2

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
3663	3299	Indirect	SINGLE		Other Crafts	Other manufacturing n.e.c.	100	0.4	0.4	0.4
3611	3101	Indirect	SINGLE			Manufacture of office and shop furniture	77	0.050	0.050	0.050
3612						Manufacture of office and shop furniture	23	0.050	0.050	0.050
3613	3102	Indirect	SINGLE			Manufacture of kitchen furniture	100	0.050	0.050	0.050
3614	3109	Indirect	SINGLE			Manufacture of other furniture	100	0.050	0.050	0.050
3615	3103	Indirect	SINGLE		Furniture	Manufacture of mattresses	100	0.050	0.050	0.050
5244	4759	Indirect	SINGLE			Retail sale of furniture, lighting equipment and other household articles in specialized stores	100	0.050	0.050	0.050
2051	1629	Indirect	SINGLE			Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	100	0.050	0.050	0.050
2052										
2611	2311	Indirect	SINGLE			Manufacture of flat glass	100	0.005	0.005	0.005
2612	2312	Indirect	SINGLE			Shaping and processing of flat glass	100	0.005	0.005	0.005
2613	2313	Indirect	SINGLE			Manufacture of hollow glass	100	0.005	0.005	0.005
2614	2314	Indirect	SINGLE			Manufacture of glass fibers	100	0.005	0.005	0.005
2615	2319	Indirect	SINGLE			Manufacture and processing of other glass, including technical glassware	100	0.005	0.005	0.005
2621	2341	Indirect	SINGLE			Manufacture of ceramic household and ornamental articles	100	0.005	0.005	0.005
2622	2342	Indirect	SINGLE		Household Goods, China and Glass	Manufacture of ceramic sanitary fixtures	100	0.005	0.005	0.005
2623	2343	Indirect	SINGLE			Manufacture of ceramic insulators and insulating fittings	100	0.005	0.005	0.005
2624	2344	Indirect	SINGLE			Manufacture of other technical ceramic products	100	0.005	0.005	0.005
2625	2349	Indirect	SINGLE			Manufacture of other ceramic products	100	0.005	0.005	0.005
2626	2320	Indirect	SINGLE			Manufacture of refractory products	100	0.005	0.005	0.005
2875	2599	Indirect	SINGLE			Manufacture of other fabricated metal products n.e.c.	100	0.005	0.005	0.005
3150	2740	Indirect	SINGLE			Manufacture of electric lighting equipment	100	0.005	0.005	0.005

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
1751	1393	Indirect	SINGLE			Manufacture of carpets and rugs	100	0.004	0.004	0.004
2124	1724	Indirect	SINGLE		Wall Coverings and Carpets	Manufacture of wallpaper	100	0.004	0.004	0.004
2125	1729	Indirect	SINGLE	III.6		Manufacture of other articles of paper and paperboard	100	0.004	0.004	0.004
	4753	Indirect	SINGLE			Retail sale of carpets, rugs, wall and floor coverings in specialized stores	100	0.004	0.004	0.004
3650	3240	Indirect	SINGLE		Toys	Manufacture of games and toys	100	0.4	0.4	0.4
52487	4765	Indirect	SINGLE	III.7		Retail sale of games and toys in specialized stores	100	0.4	0.4	0.4
7420	7111	Indirect	SINGLE		Architecture, Engineering, Surveying	Architectural activities	100	0.25	0.25	0.25
	7112	Indirect	SINGLE	III.8		Engineering activities and related technical consultancy	100	0.25	0.25	0.25
74872	7410	Indirect	SINGLE	III.9	Interior Design	Specialized design activities	100	0.1	0.1	0.1
92521	9102	Indirect	SHARED	III.10	Museums	Museums activities	80	0.5	0.5	0.5
5111	4611	Indirect	SINGLE		General Wholesale and Retailing	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods	100	0.04521	0.04522	0.04845
5112	4612	Indirect	SINGLE			Agents involved in the sale of fuels, ores, metals and industrial chemicals	100	0.04521	0.04522	0.04845
5113	4613	Indirect	SINGLE			Agents involved in the sale of timber and building materials	100	0.04521	0.04522	0.04845
5114	4614	Indirect	SINGLE			Agents involved in the sale of machinery, industrial equipment, ships and aircraft	100	0.04521	0.04522	0.04845
5115	4615	Indirect	SINGLE	IV.1		Agents involved in the sale of furniture, household goods, hardware and ironmongery	100	0.04521	0.04522	0.04845
5116	4616	Indirect	SINGLE			Agents involved in the sale of textiles, clothing, fur, footwear and leather goods	100	0.04521	0.04522	0.04845
5117	4617	Indirect	SINGLE			Agents involved in the sale of food, beverages and tobacco	100	0.04521	0.04522	0.04845
5118	4618	Indirect	SINGLE			Agents specialized in the sale of other particular products	100	0.04521	0.04522	0.04845
5119	4619	Indirect	SINGLE			Agents involved in the sale of a variety of goods	100	0.04521	0.04522	0.04845
5141	4641	Indirect	SINGLE			Wholesale of textiles	100	0.04521	0.04522	0.04845

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
5143	4643	Indirect	SHARED			Wholesale of electrical household appliances	63.4	0.04521	0.04522	0.04845
5144	4644	Indirect	SINGLE			Wholesale of china and glassware and cleaning materials	100	0.04521	0.04522	0.04845
5145	4645	Indirect	SINGLE			Wholesale of perfume and cosmetics	100	0.04521	0.04522	0.04845
5146	4646	Indirect	SINGLE			Wholesale of pharmaceutical goods	100	0.04521	0.04522	0.04845
	4647	Indirect	SINGLE			Wholesale of furniture, carpets and lighting equipment	100	0.04521	0.04522	0.04845
	4648	Indirect	SINGLE			Wholesale of watches and jewelry	100	0.04521	0.04522	0.04845
5147	4649	Indirect	SINGLE			Wholesale of other household goods	100	0.04521	0.04522	0.04845
5181	4662	Indirect	SINGLE			Wholesale of machine tools	100	0.04521	0.04522	0.04845
5182	4663	Indirect	SINGLE			Wholesale of mining, construction and civil engineering machinery	100	0.04521	0.04522	0.04845
5183	4664	Indirect	SHARED			Wholesale of machinery for the textile industry and of sewing and knitting machines	60	0.04521	0.04522	0.04845
5186	4652	Indirect	SHARED			Wholesale of electronic and telecommunications equipment and parts	5	0.04521	0.04522	0.04845
5187	4669	Indirect	SINGLE	IV.1 (cont)	General Wholesale and Retailing (cont)	Wholesale of other machinery and equipment	100	0.04521	0.04522	0.04845
5188	4661	Indirect	SINGLE			Wholesale of agricultural machinery, equipment and supplies	100	0.04521	0.04522	0.04845
	4673	Indirect	SINGLE			Wholesale of wood, construction materials and sanitary equipment	100	0.04521	0.04522	0.04845
5190	4690	Indirect	SINGLE			Non-specialized wholesale trade	100	0.04521	0.04522	0.04845
5211	4711	Indirect	SINGLE			Retail sale in non-specialized stores predominantly selling food, beverages or tobacco	100	0.04521	0.04522	0.04845
5245	4754	Indirect	SINGLE			Retail sale of electrical household appliances in specialized stores	100	0.04521	0.04522	0.04845
52488	4719	Indirect	SINGLE			Other retail sale in non-specialized stores	100	0.04521	0.04522	0.04845
	4778	Indirect	SINGLE			Other retail sale of new goods in specialized stores	100	0.04521	0.04522	0.04845
5250	4779	Indirect	SHARED			Retail sale of second-hand goods in stores	90	0.04521	0.04522	0.04845
5261	4791	Indirect	SINGLE			Retail sale via mail-order houses	100	0.04521	0.04522	0.04845
5262	4789	Indirect	SINGLE			Retail sale via stalls and markets	100	0.04521	0.04522	0.04845
5263	4799	Indirect	SINGLE			Other non-store retail sale	100	0.04521	0.04522	0.04845

NACE Rev. 1.1	NACE Rev. 2	CONTRIBUTION	ATTRIBUTION	GC	Group	Name	Proportions	CR Factor 2008	CR Factor 2010	CR Factor 2012
6010	4920	Indirect	SINGLE			Freight rail transport	100	0.04521	0.04522	0.04845
6010	4910	Indirect	SINGLE			Passenger rail transport, interurban	100	0.04521	0.04522	0.04845
6010	4931	Indirect	SINGLE			Urban and suburban passenger land transport	100	0.04521	0.04522	0.04845
6021	4939	Indirect	SINGLE			Other passenger land transport n.e.c.	50	0.04521	0.04522	0.04845
6022	4932	Indirect	SINGLE			Taxi operation	100	0.04521	0.04522	0.04845
6023	4939	Indirect	SINGLE			Other passenger land transport n.e.c.				
6024	4941	Indirect	SINGLE			Freight transport by road	100	0.04521	0.04522	0.04845
6110	5030	Indirect	SINGLE			Inland passenger water transport	100	0.04521	0.04522	0.04845
6120	5040	Indirect	SINGLE			Inland freight water transport	100	0.04521	0.04522	0.04845
6210	5110	Indirect	SINGLE			Passenger air transport	100	0.04521	0.04522	0.04845
	5121	Indirect	SINGLE	IV.2	General Transportation	Freight air transport	100	0.04521	0.04522	0.04845
6220	5110	Indirect	SINGLE			Passenger air transport	100	0.04521	0.04522	0.04845
6311	5224	Indirect	SINGLE			Cargo handling	100	0.04521	0.04522	0.04845
6312	5210	Indirect	SINGLE			Warehousing and storage	100	0.04521	0.04522	0.04845
6321	5221	Indirect	SINGLE			Service activities incidental to land transportation	100	0.04521	0.04522	0.04845
6322	5222	Indirect	SINGLE			Service activities incidental to water transportation	100	0.04521	0.04522	0.04845
6323	5223	Indirect	SINGLE			Service activities incidental to air transportation	100	0.04521	0.04522	0.04845
6330	7911	Indirect	SINGLE			Travel agency activities	100	0.04521	0.04522	0.04845
6340	5229	Indirect	SINGLE			Other transportation support activities	100	0.04521	0.04522	0.04845
6411	5310	Indirect	SINGLE			Postal activities under universal service obligation	100	0.04521	0.04522	0.04845
6412	5320	Indirect	SINGLE			Other postal and courier activities	100	0.04521	0.04522	0.04845
6420	6110	Indirect	SINGLE			Wired telecommunications activities	100	0.04521	0.04522	0.04845
6420	6120	Indirect	SINGLE	IV.3	Telephony and Internet	Wireless telecommunications activities	100	0.04521	0.04522	0.04845
6420	6130	Indirect	SINGLE			Satellite telecommunications activities	100	0.04521	0.04522	0.04845
6420	6190	Indirect	SINGLE			Other telecommunications activities	100	0.04521	0.04522	0.04845

Annex 2 Gross Value Added of Copyright Industries, in 000 RSD

Group	2008	2010	2012
Press and literature	24,561,941	31,672,578	35,283,842
Music, theater, opera	6,102,917	4,960,565	8,303,133
Motion picture and video	1,328,137	1,640,146	1,867,446
Photography	260,013	647,615	1,107,885
Visual and graphic arts	1,024,497	856,960	925,844
Radio and TV	7,566,974	5,614,665	7,329,585
Software and databases	10,541,347	16,678,773	26,545,690
Advertising services	8,543,659	7,711,057	9,615,436
Collective societies	94,334	105,353	118,374
Core Total	60,023,819	69,887,714	91,097,234
TV sets, radios, VCRs, [...] and other similar equipment	2,867,455	3,762,137	4,816,579
Computers and equipment	8,711,036	7,447,522	8,373,687
Photocopiers	124,697	552,067	514,113
Musical instruments	7,546	14,694	4,211
Photographic and cinematographic instruments	854,512	629,465	697,834
Blank recording material	2,415	7,385	3,149
Paper	2,090,958	2,216,623	2,585,143
Interdependent Total	14,658,619	14,629,892	16,994,716
Apparel, textiles and footwear	219,914	230,149	257,867
Jewelry and coins	218,028	276,340	294,869
Other crafts	692,768	614,314	653,344
Furniture	632,963	643,065	710,754
Household goods, china and glass	38,851	37,337	31,136
Wall coverings and carpets	19,063	7,036	9,698
Toys	114,030	128,738	78,848
Architecture, engineering, surveying	4,377,346	3,028,372	3,769,685
Interior design	-	120	2,656
Museums	1,089,887	593,954	685,107
Partial Total	7,402,851	5,559,424	6,493,963
General wholesale and retailing	7,201,171	7,360,078	9,801,447
General transportation	4,809,774	4,751,974	6,507,990
Telephony and internet	3,135,243	3,548,431	4,471,318
Non-dedicated Support Total	15,146,187	15,660,482	20,780,755
TOTAL CBIs	97,231,477	105,737,513	135,366,668

Copyright-based Industries, Share in Total CBO Contribution to GVA, %

Group	2008	2010	2012
Press and literature	25.3%	30.0%	26.1%
Music, theater, opera	6.3%	4.7%	6.1%
Motion picture and video	1.4%	1.6%	1.4%
Photography	0.3%	0.6%	0.8%
Visual and graphic arts	1.1%	0.8%	0.7%
Radio and tv	7.8%	5.3%	5.4%
Software and databases	10.8%	15.8%	19.6%
Advertising services	8.8%	7.3%	7.1%
Collective societies	0.1%	0.1%	0.1%
Core Total	61.7%	66.1%	67.3%
TV sets, radios, VCRs, [...] and other similar equipment	2.9%	3.6%	3.6%
Computers and equipment	9.0%	7.0%	6.2%
Photocopiers	0.1%	0.5%	0.4%
Musical instruments	0.0%	0.0%	0.0%
Photographic and cinematographic instruments	0.9%	0.6%	0.5%
Blank recording material	0.0%	0.0%	0.0%
Paper	2.2%	2.1%	1.9%
Interdependent Total	15.1%	13.8%	12.6%
Apparel, textiles and footwear	0.2%	0.2%	0.2%
Jewelry and coins	0.2%	0.3%	0.2%
Other crafts	0.7%	0.6%	0.5%
Furniture	0.7%	0.6%	0.5%
Household goods, china and glass	0.0%	0.0%	0.0%
Wall coverings and carpets	0.0%	0.0%	0.0%
Toys	0.1%	0.1%	0.1%
Architecture, engineering, surveying	4.5%	2.9%	2.8%
Interior design	0.0%	0.0%	0.0%
Museums	1.1%	0.6%	0.5%
Partial Total	7.6%	5.3%	4.8%
General wholesale and retailing	7.4%	7.0%	7.2%
General transportation	4.9%	4.5%	4.8%
Telephony and internet	3.2%	3.4%	3.3%
Non-dedicated Support Total	15.6%	14.8%	15.4%
TOTAL CBIs	100.0%	100.0%	100.0%

CBIs' Number of Employees

CBIs	2008	2010	2012
Press and literature	31,181	27,589	25,584
Music, theater, opera	5,195	6,273	5,868
Motion picture and video	1,440	1,971	1,575
Photography	841	2,284	1,443
Visual and graphic arts	674	1,139	969
Radio and TV	6,809	5,630	5,140
Software and databases	8,122	8,210	11,455
Advertising services	6,753	6,287	5,925
Collective societies	93	113	113
Core Total	61,109	59,497	58,071
TV sets, radios, VCRs, [...] and other similar equipment	3,693	3,359	2,900
Computers and equipment	6,166	5,140	4,585
Photocopiers	99	347	270
Musical instruments	23	52	24
Photographic and cinematographic instruments	1,124	934	722
Blank recording material	8	9	6
Paper	2,399	1,478	1,250
Interdependent Total	13,513	11,320	9,758
Apparel, textiles and footwear	540	460	444
Jewelry and coins	691	725	655
Other crafts	1,260	1,088	1,025
Furniture	1,309	1,200	1,064
Household goods, china and glass	75	54	42
Wall coverings and carpets	9	6	3
Toys	103	81	76
Architecture, engineering, surveying	4,032	2,971	3,248
Interior design	-	1	8
Museums	750	760	753
Partial Total	8,768	7,345	7,317
General wholesale and retailing	9,922	9,463	8,564
General transportation	5,726	5,001	5,964
Telephony and internet	709	724	819
Non-dedicated Support Total	16,356	15,188	15,347
TOTAL EMPLOYMENT – CBI	99,746	93,309	90,493

Annex 3 Trade in Services Exports and Imports

(unadjusted for copyright factor), EUR million

Services	Exports					
	2008		2010		2012	
	Mill euros	Share in total	Mill euros	Share in total	Mill euros	Share in total
Communication services						
Telecommunication services	82.16	3.00%	112.73	4.23%	151.59	4.90%
Computer services	96.19	3.51%	126.84	4.76%	221.29	7.16%
Information services	0.00	0.00%	0.00	0.00%	2.03	0.07%
Royalties and License Fees						
Licenses, patents, trademarks and other IPR	18.35	0.67%	28.91	1.08%	21.90	0.71%
Franchising	0.35	0.01%	0.24	0.01%	0.68	0.02%
Fees for the use of products protected with IPR	0.0	0.00%	0.00	0.00%	4.86	0.16%
Personal, Cultural and Recreational Services						
Audiovisual services (film, video, radio and TV related)	12.00	0.44%	18.86	0.71%	24.31	0.79%
Sport, recreation, fees and similar	32.12	1.17%	52.09	1.95%	52.82	1.71%
Cultural services – museums, libraries ...	3.11	0.11%	3.70	0.14%	13.42	0.43%
Other business services – health services	0.00	0.00%	0.00	0.00%	5.18	0.17%
Science and education services	0.00	0.00%	0.00	0.00%	12.30	0.40%
Total CBI	244.28	8.91%	343.37	12.87%	510.38	16.51%

Services	Imports					
	2008		2010		2012	
	mill euros	share in total	mill euros	share in total	mill euros	share in total
Communication services						
Telecommunication services	75.02	2.56%	79.98	3.01%	115.43	3.93%
Computer services	138.22	4.72%	135.24	5.09%	149.28	5.08%
Information services	0.00	0.00%	0.00	0.00%	2.4	0.08%
Royalties and License Fees						
License, patents, trademarks and other IPR	124.37	4.25%	109.87	4.13%	87.63	2.98%
Franchising	8.15	0.28%	7.56	0.28%	10.11	0.34%
Fees for the use of products protected with IPR	0	0.00%	0	0.00%	38.42	1.31%
Personal, Cultural and Recreational Services						
Audiovisual services (film, video, radio and TV related)	32.16	1.10%	40.79	1.53%	37.91	1.29%
Sport, recreation, fees and similar	11.89	0.41%	8.85	0.33%	9.35	0.32%
Cultural services – museums, libraries ...	6.76	0.23%	6.62	0.25%	8.3	0.28%
Other business services – health services	0	0.00%	0	0.00%	2.4	0.08%
Science and education services	0	0.00%	0	0.00%	1.82	0.06%
Total	396.57	13.55%	388.91	14.62%	463.05	15.76%

Source: National Bank of Serbia

Study on the Economic Contribution of Copyright Industries in Turkey

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List of Abbreviations

EU	European Union
R & D	Research and Development
WTO	World Trade Organization
TNP	Turkish National Police
LIAW	Law on Intellectual and Artistic Works (Turkish Copyright Law)
IIPRCC	Intellectual and Industrial Property Rights Coordination Council
GDP	Gross Domestic Product
HCJP	High Council of Judges and Prosecutors
DL	Decree-Law
NGO	Non-Governmental Organization
TGNA	Turkish Grand National Assembly (Parliament)
DGC	Directorate General for Copyright
TOBB	Union of Chambers and Commodity Exchanges of Turkey
TRIPS	Trade Related Intellectual Property Agreement
TURKSTAT	Turkish Statistics Institute
UNESCO	United National Educational, Scientific and Cultural Organization
YASAD	Turkish Software Industrialists Association
YOIKK	Coordination Council for the Improvement of Investment Environment
WIPO	World Intellectual Property Organization

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Executive Summary

Industries whose activities are related to the creation, production, and distribution of copyrighted work have received great attention because of their significant contribution to national economies; in many countries, these industries are now considered to be one of the major driving forces of economic growth. As a result, where once only the legal aspect of copyright was considered, its economic aspect has attracted the attention of policy-makers and economic researchers.

There are several reasons why copyright industries are important for an economy. First of all, many goods and services are involved in copyright industries. For example, a novel is the work protected by the copyright. A novelist creates (writes) the novel. But this novel has no economic meaning unless it is published by a publisher and consumed by consumers. When the book is published the novelist receives an economic benefit in terms of copyright payment; but the publisher also contributes to the economy by making wage payments, consuming fixed capital (using printing machines), purchasing paper to print the book, etc. The copyrighted work (novel) becomes a good (a book) through the printing process (which can be considered a service). This good must be delivered and sold to the final consumers, which also requires other services (for example transportation, wholesale, and retailing). This involvement of many goods and services is also true for other copyrighted work such as songs, motion pictures, TV programs, software, etc. Another important aspect of copyrighted works is that their creation requires huge intellectual effort and there is a very considerable economic reward for this effort through copyright payments. Since copyright industries create a distinct economy, many countries have taken an interest in measuring the size of this economy and have found that copyright industries made a significant contribution to their national economies.

Public authorities and researchers in Turkey have also been interested in the size of the copyright industries in Turkey and the contribution of these industries to the Turkish economy. As a result, the Turkish Ministry of Culture and Tourism expressed to the World Intellectual Property Organization (WIPO) its desire to carry out a study to measure the economic contribution of copyright industries in Turkey. Having received WIPO's consent, this study was initiated and was carried out under its auspices. The objectives of the study can be expressed as follows:

- To analyze the national policy and legal and institutional framework of copyright in Turkey;
- To measure the economic size of the copyright industries in terms of turnover, value added, employment, and foreign trade (import and export);
- To assess the contribution of copyright industries to GDP, employment, and foreign trade;
- To compare the economic size and contribution of copyright industries with those of other sectors within the national economy;
- To compare the economic size and contribution of Turkey's copyright industries with those of other selected countries;
- To identify trends in the economic indicators (turnover, value added, employment, foreign trade) of copyright industries;
- To analyze recent developments in selected copyright industries;
- To formulate recommendations to improve the economic contribution of copyright industries based on the analyses; and
- To identify statistical difficulties encountered during the study and recommend remedies.

This study follows the methodological guidelines set out in WIPO's *Guide on Surveying the Economic Contribution of Copyright Industries (2003)*. A project team comprised of experts from different entities (the Ministry of Culture and Tourism, the Ministry of Development, the Ministry of the Economy of the Republic of Turkey, TURKSTAT specialists and academicians), all specialized in their respective disciplines, was set up in order to ensure that this study was performed accurately and to an appropriate standard, and the study was carried out by this project team.

First of all, national policies and the legal and institutional framework relating to copyright in Turkey were analyzed. Next, statistical analyses were carried out following the methodological approach explained in WIPO's *Guide on Surveying the Economic Contribution of Copyright Industries (2003)*. This methodological approach has been accepted as an international standard and has been followed in all the studies commissioned by WIPO.

It was necessary to identify the copyright industries in order to gather statistical data. The WIPO guide defines an industry as 'a cluster of activities which can be identified and are statistically measurable' and classifies copyright industries into four groups based on the industry's level of dependence on copyrighted work. We also followed the same classification in this study. These groups and the industries they covered are explained as follows:

- **Core Copyright Industries:** All the activities of these industries are related to the creation of copyright products (writing, composing, programming, etc.), and the production (printing, filming, etc.), screening, staging, performance, broadcasting, distribution, wholesaling and retailing of such subject-matter. These industries have the highest level of dependence on copyright. Industries in this group are: press and literature; music, theatrical productions, operas; motion picture and video; radio and television; photography; software and databases; visual and graphical arts; advertising services; and copyright collective management societies.
- **Interdependent Copyright Industries:** The activities of these industries are related to the production and sale of equipment for creating, producing or making use of copyrighted work. Examples of these industries are: the manufacture, wholesale and retail of TV sets, radios, VCRs, CD players, DVD players, cassette players, computers and equipment, musical instruments, etc.
- **Partial Copyright Industries:** A portion of the activities of these industries is related to the creation, production and sale of copyrighted work. Examples of these industries are: apparel, textiles, footwear, jewelry and coins, furniture, etc.
- **Non-Dedicated Support Industries:** A portion of the activities of these industries is related to the transportation, distribution and sale of copyrighted work. These industries are: general wholesale and retailing; general transportation; the internet.

After the copyright industries had been classified into the four major groups, specific types of data required under these classifications were identified and it was decided to collect data relating to the turnover, value added, employment, exports, and imports of the above-mentioned copyright industries. After deciding on the types of data to be collected, research was conducted as to the specific sources and methods to use for compiling such data. As a result of this research, it was found out that TURKSTAT has been collecting statistics relating to turnover, value added and employment since 2009, in harmony with the economic activity classifications presented in the Statistical Classification of Economic Activities in the European Community (NACE Rev.2). After determining the NACE Rev.2 activity classification codes that applied to the copyright industries, data on the turnover, value added and employment were compiled from the TURKSTAT database. It was found that some activity codes covered several copyright industries, or also covered some industries that were not based on copyright. Additional data was obtained from the Ministry of Finance, while experts' opinions were sought in order to disaggregate these mixed codes. The data relating to foreign trade (exports and imports) was compiled using two methods. The foreign trade data in connection with goods was mainly compiled from the TURKSTAT database and if not available on the database was obtained from the relevant professional organizations. Data regarding various payments and collections made to and received from foreign countries in connection with copyrighted works (copyright, TV program broadcasting rights, TV program formats, digital music proceeds, cinematographic movie screening rights, etc.) was obtained from the relevant professional organizations as well as leading companies in the respective industries. Finally, the copyright factors regarding the partial copyright industries were determined on the basis of the comments obtained from the Sectoral Assemblies of the Union of Chambers and Commodity Exchanges of Turkey and from other experts.

The results of the analyses may be summarized as follows:

The combined copyright industries posted a turnover of 197,235,775,754 TL at current prices in 2011. Of this turnover, 30.13%, 22.62%, 36.91% and 10.34% were accounted for by the core

copyright industries, interdependent copyright industries, partial copyright industries and non-dedicated support industries, respectively.

The highest turnover among the core copyright industries was posted by press and literature (31.32%). This was followed by software and databases (18.53%), and radio and television (16.15%).

The highest turnover among the interdependent copyright industries was posted by computers and equipment (42.82%). This was followed by TV sets, radio, VCR, CD players, etc. (27.80%) and paper (23.30%).

The highest turnover among the partial copyright industries was posted by apparel, textiles and footwear (73.11%). This was followed by furniture (20.51%), and architecture, engineering and surveying (2.73%).

The combined copyright industries generated value added of 35,463,814,234 TL at current prices in 2011. This value added accounted for 2.73% of Turkey's GDP, which was 1,297,713,210,117 TL at current prices in 2011. Of the value added, 45.52%, 14.28%, 32.97% and 7.23% were generated by the core copyright industries, interdependent copyright industries, partial copyright industries and non-dedicated support industries, respectively.

Although the highest turnover among the copyright industries was posted by the partial copyright industries (36.91%), the highest value added was generated by core copyright industries (45.52%). This situation indicates that the core copyright industries have high value added and make a significant contribution to the economy thanks to this aspect.

The highest value added among the core copyright industries was generated by radio and television (31.36%). This was followed by press and literature (25.39%) and software and databases (21.68%).

The highest value added among the interdependent copyright industries was generated by computers and equipment (32.25%). This was followed by TV sets, radio, VCR, CD Players, etc. (30.81%) and paper (28.43%).

The highest value added among the partial copyright industries was generated by apparel, textiles and footwear (70.19%). This was followed by furniture (21.50%) and architecture, engineering and surveying (5.59%).

The combined copyright industries employed 1,301,527 persons in 2011. This employment accounted for 5.40% of Turkey's total employment in 2011, which was 24,110,000 persons. Out of the employment total, 32.44%, 13.25%, 46.96% and 7.35% were generated by the core copyright industries, interdependent copyright industries, partial copyright industries, and other non-dedicated support industries, respectively.

The highest employment among the core copyright industries was generated by press and literature (35.71%). This was followed by advertising services (19.84%) and software and databases (16.84%).

The highest employment among the interdependent copyright industries was generated by computers and equipment (30.39%). This was followed by paper (29.43%) and TV sets, radio, VCR, CD players, etc. (28.76%).

The highest employment among the partial copyright industries was generated by apparel, textiles and footwear (67.19%). This was followed by furniture (26.51%), and architecture, engineering and surveying (4.33%).

The combined copyright industries achieved exports of 9,272,261,947 US\$ in 2011. This represented 6.87% of Turkey's total exports in 2011, which amounted to 134,906,869,000 US\$.

The shares of Turkey's total exports in 2011 contributed held by the core copyright industries, interdependent copyright industries, and partial copyright industries in Turkey's exports in 2011 were 0.29 %%, 3.13 %% and 3.46 %%, respectively.

Imports of all the copyright industries combined (excluding software and databases) totaled 9,231,967,406 US\$ in 2011. This sum represented 3.83% of Turkey's total imports in 2011, which amounted to 240,841,676,000 US\$.

Exports of the copyright industries were greater than their imports in 2011. However, *imports did not include software and databases*, because no reliable data could be obtained in connection with software and databases imports. Representatives of the software industry noted that imports of software and databases were very high. This fact must be taken into account when interpreting the foreign trade data. Turkey has a negative trade balance (imports are higher than exports) in all the core copyright industries.

The shares of the core copyright industries (excluding software and databases), interdependent copyright industries, and partial copyright industries in Turkey's imports in 2011 were 0.12%, 3.08% and 0.64%, respectively.

A comparison between the value added generated by the copyright industries and that generated by other industries in Turkey indicates that the contribution made by the copyright industries to GDP in 2011 was greater than the contribution made by the industries of healthcare and social services; hotels and restaurants; electricity, gas, steam and air conditioning generation and distribution. It was very close to the contribution made by financial services and the education sector.

A comparison between the employment created by the copyright industries and the employment created by other industries in Turkey indicates that the copyright industries created more jobs in 2011 than many major industries such as education, health care, financial services, hotels and restaurants, transportation and storage, and communications. The contribution made by the copyright industries to employment was almost at the same level as the contribution made by public administration and defense. This is an indication that the copyright industries create a significant amount of employment. However, it is worth re-emphasizing that the highest contribution to employment was made by the partial copyright industries, which also covered the apparel, textile and footwear, and furniture industries. These industries are labor-intensive.

An analysis of the contribution made by the value added of the copyright industries to Turkey's GDP shows that this contribution is not at a desired level. In particular, the contribution of core copyright industries is low. The structure of the Turkish economy, the expenditure pattern of households, and the interest of the population in the works of core copyright industries are the causes of this low level of contribution of core copyright industries to the economy.

Although Turkey has legal and institutional frameworks concerning copyright which are in line with world standards, piracy is still a problem. Digital piracy, especially, is a major problem for the music industry. This situation also affects the economic size of the core copyright industries.

Core copyright sectors have not been fully industrialized in the same way as other mature industries. This fact also has an impact on the economic size of these industries.

We can say that there is great growth potential in the software and databases, motion picture and video, and radio and television sectors. Growth in the radio and television sector also positively affects the advertisement sector.

Public awareness should be increased and legal procedures should be sped up in order to fight against piracy.

Education from an early age is necessary in order to increase the interest of the population in cultural and literary works.

Core copyright industries should be accepted as distinct industries, like other manufacturing and service industries, and special incentives should be designed to support their growth.

As for the statistical difficulties, TURKSTAT has initiated a study on how it can better compile cultural statistics, including foreign trade data concerning payments and collections related to copyright. This study will be finalized soon.

1. INTRODUCTION

1.1 Current Situation

In today's world, where intellectual productions are perceived as the most significant capital input on the path to the information society, the concepts of producing and protecting have acquired dimensions that will direct the future both culturally and economically. Although the concept of copyright has so far been treated mostly in its legal aspects, in the context of the protection of work owners and the transfer of culture to the future by this means, it has also gained significance recently in economic terms. As areas such as motion picture, music, publishing and information technologies, which have become attractive in terms of new investment and are protected by copyright, have turned into industries, these products have started to occupy an undeniably high share of national economies. In this context, it is highly important to identify the national potential in this area, in order to increase the contribution of the copyright industries to the national development process.

The policies to protect copyright in Turkey have gained new dimensions with the growing awareness of the role of the copyright concept in the formation and development of relevant industries and thus efforts to industrialize the copyright-protected sectors have become prominent. Within this context, studies have been initiated by the Directorate General for Copyright of the Ministry of Culture and Tourism with a view to determining the economic size of the copyright industries and hence to develop them as among the growth axes of the country in the 21st century. The aim is to define the industries that produce intellectual and artistic works, reproduce them, distribute them or communicate them to the public, and to measure the share of these industries in GDP and their foreign trade capacity as well as the employment they create.

Since 2003, the World Intellectual Property Organization (WIPO) has been carrying out a series of surveys entitled *National Studies on the Economic Contribution of Copyright Industries* and studies have been completed so far in more than 40 countries. The country reports published on the basis of these studies demonstrate that the copyright industries hold a major position in national economies and that an effective copyright protection system plays an important role in establishing and strengthening these industries.

This study was initiated in cooperation with WIPO in March 2013 and was carried out on the basis of three-year data encompassing the period between 2009 and 2011; it was concluded in March 2014. The study report has been prepared using the methodology set out by WIPO and finalized thanks to the technical assistance provided by WIPO. It will be updated in the forthcoming years so that it remains as an important reference document that will be made available to all relevant parties, academics, law-makers and policy-makers.

1.2 Objectives

The objectives of the study are as follows:

- To analyze the national policy, legal and institutional framework of copyright in Turkey;
- To accurately and properly reflect on international platforms the data on the economic contribution of the copyright industries, which are among the growth axes of the country in the 21st century;
- To compare the economic size and contribution of copyright industries with those of other sectors within the national economy;
- To compare the economic size and contribution of Turkey's copyright industries with those of other selected countries;
- To provide reliable and high quality economic evidence in order to develop cultural policies;
- To identify the trends in economic indicators (turnover, value added, employment, foreign trade) of copyright industries and set up benchmarks for monitoring the trends in the future;

- To identify the drivers of the creative economy in Turkey by analyzing the recent developments in selected copyright industries;
- To identify statistical difficulties encountered during the study and recommend remedies.

This study will pave the way for regularly maintaining and updating data on the economic contribution of Turkey's copyright industries, thanks to the cooperation of the governmental bodies and industries.

1.3 Scope

This study follows the methodological guidelines of WIPO's *Guide on Surveying the Economic Contribution of Copyright Industries (2003)*. This guide groups the copyright industries under four categories based on the industry's level of dependence on copyrighted work. These groups are:

- (a) Core Copyright Industries
- (b) Interdependent Copyright Industries
- (c) Partial Copyright Industries
- (d) Non-dedicated Support Industries
 - **Core copyright industries:** This refers to industries that are wholly engaged in the creation, production, manufacturing, distribution, performance, broadcast, communication and exhibition and distribution and sales of works as well as other productions, performances and publications subject to protection. These industries have the highest level of dependence on copyright. They include press and literature; music, theatrical productions, operas; motion picture and video; radio and television; photography; software and databases; visual and graphical arts; advertising services; copyright collective management societies.
 - **Interdependent copyright industries:** These are defined as industries that are engaged in production, manufacturing and sale of equipment that wholly or primarily facilitates the creation, production and use of works and other performances, productions and broadcasts subject to protection. They include manufacture, wholesale and retail of TV sets, radios, VCRs, CD players, DVD players, cassette players, etc.; manufacture, wholesale and retail of computers and equipment; manufacture, wholesale and retail of musical instruments; manufacture, wholesale and retail of photographic and cinematographic instruments; manufacture, wholesale and retail of photocopiers; manufacture, wholesale and retail of blank recording materials; manufacture, wholesale and retail of paper.
 - **Partial copyright industries:** These are defined as those industries in which a portion of the activities is related to the creation, production, performance, publication, communication, exhibition, distribution and sale of works and other performances, productions and publications subject to protection. These industries include apparel, textiles and footwear; jewelry and coins; furniture; household goods, china and glass; wall coverings and carpets; toys and games; architecture (including interior design), engineering, surveying; museums.
 - **Non-dedicated support industries:** These are defined as general wholesale and retailing, general transportation, telephony and internet industries in which a portion of the activities is related to facilitating the broadcast, communication, distribution or sale of works and other protected performances, productions and publications, and whose activities have not been included in the core copyright industries but can be connected with the associated copyright activities.

1.4 Methodology of the Study

A working group of experts and academics was set up in order to efficiently carry out the study initiated under the coordination of the Ministry of Culture and Tourism, Directorate General for Copyright. The members of the working group are presented below:

1. Prof. Dr. Ramazan AKTAŞ (National Coordinator)
Chairman of the Business Administration Department, TOBB University of Economics and Technology
2. Prof. Dr. Mehmet Mete DOĞANAY
Chairman of the Business Administration Department, Çankaya University
3. Ş. Şenol BOZDAĞ
Department Head, Turkish Statistics Institute
4. Ayşe Beyhan KARADUMAN
Expert, Turkish Statistics Institute
5. Kenan ORHAN
Expert, Turkish Statistics Institute
6. Hasibe IŞIKLI
Expert, Ministry of Development, Republic of Turkey
7. Belgin ASLAN
Expert, Ministry of Culture and Tourism, Republic of Turkey, Copyright General Directorate
8. İrfan Taylan ÇOKYAMAN
Assistant Expert, Ministry of Culture and Tourism, Republic of Turkey, Copyright General Directorate
9. Erdem BAŞDEMİRÇİ
Expert, Ministry of the Economy, Republic of Turkey
10. Aysun ALTUNBAŞ
Inspector, Ministry of Culture and Tourism, Republic of Turkey

After the working group had been formed, several meetings were held to determine the method to be adopted. As presented above, the working group consisted of public officers and academics specialized in various disciplines and in the meetings it was agreed to adopt an appropriate method which would take into account the comments of all the members of the working group. In this way, the viewpoints of the various specialists could be reflected in the method to be applied.

As the first step, the copyright industries were identified, on the basis of the *Guide on Surveying the Economic Contribution of Copyright Industries* which was published by WIPO in 2003.

Following the identification of the copyright industries, the method of collecting data regarding these industries was explored. The experts from the Turkish Statistics Institute (TURKSTAT) in the working group were asked to comment on this matter first. The TURKSTAT experts noted that the existing statistics were compiled on the basis of the economic activities presented in the *Statistical Classification of Economic Activities in the European Community* (NACE Rev 2). Following this, the economic activities for each copyright industry in the WIPO *Guide* were identified in compliance with NACE Rev 2. Then, the turnover, value added, and employment data related to each economic activity were compiled from the TURKSTAT database.

Following the data collection, the working group analyzed the data and drew the following conclusions:

- TURKSTAT collects the data related to the economic activities on the basis of four-digit activity codes. However, the four-digit activity codes may relate to several copyright industries or may include activities that are not related to copyright.
- Public entities carry out significant activities, particularly in the field of music and theatrical productions and museum industries. TURKSTAT does not collect any data regarding the activities of such public entities.

The economic activities within the mixed four-digit codes were sorted by obtaining data from the Revenues Administration Department of the Ministry of Finance, which used the six-digit codes. In the event that this

was not possible, industries were merged or activities within the four-digit codes were disaggregated based on expert opinion.

For the second item above, the relevant public entities were requested to provide data.

In parallel to the data collection, several meetings were held with the representatives of the industries and the data obtained from the representatives of the industries were compared with the data that was being collected. In cases of major discrepancies, the compiled data was reviewed and corrected.

After the data was finalized, the specialized entities, bodies and persons were contacted in order to determine the copyright factors for the partial copyright industries. The method recommended in the WIPO Guide was used to determine the factors related to the non-dedicated support industries.

Following the collection of the data and determination of the copyright factors, the economic contribution of the copyright industries in Turkey was analyzed and assessed. The results of the analyses were discussed in the working group and the study report was finalized.

The flow chart below summarizes the methodology of the study.



1.5 Structure of the Study

This study consists of four parts.

Part One provides background on the current situation and presents the study methodology and the indicators chosen for application in the study.

Part Two explains the national policies and legal and institutional framework regarding copyright in Turkey as well as relevant practices.

Part Three provides the methodology of the study and presents the analyses regarding the economic contribution of the copyright industries.

Part Four, which is the final part, outlines the conclusions of the study, giving an overview of the copyright industries in Turkey and proposing policy recommendations based on the overall assessment.

2. NATIONAL POLICIES

2.1 Development Plans

Development plans are of great importance as top-level policy documents setting forth national development policies. Since the early 1990s, these plans have also incorporated targets and policies on the protection and exercise of intellectual property rights, in addition to economic and social policies.

Ten development plans have so far been prepared under the planned development efforts that began in the 1960s in our country. The policies related to intellectual property rights that also include copyright have been incorporated into the Tenth Development Plan for the period of 2014 -2018 under the title 'Innovative Production, Stable and High Growth'. According to this Plan, the main objective is to 'increase the contribution of intellectual property rights and products protected by these rights to the development process through the establishment of an effective, common system of intellectual property rights that is internalized by the society for protection and use of intellectual property rights'.¹

2.2 National Strategy

The need for a national strategy in the field of intellectual property rights arose in the period of the Ninth Development Plan (2007-2013) and was one of the main objectives and policies designated in the Plan. The Plan also identified the framework of the strategy that would be developed by the policy, stating that 'short, medium and long term strategies will be set in the field of intellectual rights by taking into account of the impact of the intellectual rights system on the national economy'.

For this purpose, strategy studies were commenced and the current situation was analyzed. As a result of this analysis, it was found that the legislation regarding the registration and civil and criminal protection of intellectual property rights and innovative support infrastructure in Turkey was at a very good level, but there was a need to identify problems related to the functioning of the system and to propose solutions. Accordingly, two workshops were organized with the participation of the relevant public entities, Non-Governmental Organizations (NGOs), academics and members of the judiciary; one of the workshops was on copyrights and the other specifically addressed industrial rights. After the assessment of the workshop outcomes, a strategy document was structurally developed and an action plan was prepared for the implementation of the strategies. The strategy document and action plan, which are presently in the form of a draft, aim at covering the period of 2014-2018 parallel to the Tenth Development Plan.

2.3 Legal and Institutional Framework

2.3.1 LEGAL FRAMEWORK

The longstanding and deep-rooted history of Turkey in the field of copyright should be remembered when describing the existing system in the country. Legislative efforts that date back to 1850, when the Regulation establishing the Ottoman Academy of Sciences was enacted, have been continuing with a steadily increasing momentum since the foundation of the Republic of Turkey.

The modernization process of the copyright system in Turkey has further gained momentum following the Customs Union established as per the Decision No 1/95 by the EC-Turkey Association Council and EU accession negotiations. The legislation on copyright in Turkey has been amended several times due to various reasons, such as harmonizing with the international conventions and EU Acquits, catching up with technological advances, rendering the collective management system effective and combating piracy; and finally the current copyright system has been developed in the light of international developments and national requirements.

¹ Further information on the objectives and policies set forth in the Tenth Development Plan regarding intellectual property rights is presented in Annex 1.

2.3.1.1 Currently Applicable Legislation

The Law No 5846 on Intellectual and Artistic Works (Turkish Copyright Law) is the basic law that covers the legal arrangements regarding copyright in Turkey. The Law No 5846 primarily contains provisions on the economic and moral rights of work owners and holders of related rights (performing artists, phonogram producers, movie producers and radio and television entities), on their respective products as well as on the procedures and principles for the exercise of such rights, including legal remedies and sanctions in connection therewith. In addition to this law, 2 Cabinet Decrees, 2 by-laws, 10 regulations and 1 statute are presently applicable to the functioning of the copyright system.²

The current Copyright Law consists of the following chapters: Chapter 1, Intellectual and Artistic Works; Chapter 2, Author; Chapter 3, Intellectual Rights; Chapter 4, Contracts and Disposals; Chapter 5, Civil And Criminal Actions; Chapter 6, Miscellaneous Provisions (Related Rights etc.)

Work

The Turkish Copyright Law defines ‘work’ as ‘any intellectual or artistic product demonstrating the characteristic of its author, which is deemed a scientific and literary or musical work or work of fine arts or cinematographic work.’ (Art. 1/B (a) of Law no 5846).

Works can include: (Articles 2-5 of Law no 5846)

- Literary and scientific works (such as maps, technical photographs, drawings, plans, computer programs, choreographies);
- Musical works (all type of musical compositions with or without lyrics);
- Works of fine arts (such as paintings, sculptures, architectural works, cartoons, handicrafts, photographs);
- Cinematographic works (series of related moving images with or without sound).

It should be mentioned that copyright protection also extends to adaptations and collections such as translations, conversions of works into another type (for example a book adapted into a film), commentaries, collections of several works of a specific author, databases. (Article 6 of Law no 5846)

Author (owner) of Work (Articles 8-10 of Law No 5846)

The general rule of copyright is that the author (owner) of a work is the person who has created it.

The author of an adaptation or collection is the person who has made the adaptation, provided that the rights of the original author are reserved.

In the case of cinematographic works, the director, the composer of original music, the scriptwriter and the dialogue writer are joint authors of the work. For cinematographic works which are produced with the technique of animation, the animator is also among the joint authors of the work.³

If a work created jointly by more than one person can be divided into parts, each person shall be deemed the owner of the part she/he created. If a work created by the participation of more than one person constitutes an indivisible whole, the author of the work is the union of the persons who created it.

Rights Granted To Right Holders

Economic rights:

The authority to exercise economic rights belongs exclusively to the author. These rights include: right of adaptation (Art. 21); right of reproduction (Art.22); right of distribution including the right to rent, lend, put up for sale or distribute in any other way (Art. 23); right of performance (Art. 24); right to communicate to

² A list of legislation is provided in Annex 2.

³ The author of cinematographic works, of which the production was commenced before 12.06.1995, is the film's producer. (Additional Art.2/final of Law No.5846)

the public by devices that transmit signs, sounds and/or images (Art. 25); payment of a share of sale proceeds of works of fine arts (resale right) (Art.45).

Right of adaptation: The author shall have the exclusive right to exploit her/his work by adaptation. (i.e. the translation of a book or arrangements of a musical work);

Right of reproduction: The author shall have the exclusive right to exploit her/his work by reproducing the original or an adaptation, by any kind of method or procedure, in part or in whole, directly or indirectly, permanently or temporarily.

The making of a second copy of the original of the work or the recording of the work on all types of devices enabling the transmission or repetition of signs, sounds and images; all kinds of sound and music recordings as well as the application of plans, projects and sketches of architectural works are deemed reproduction.

The right of reproduction also covers the acts of loading, displaying, running, transmitting and storing a computer program to the extent that such acts require the temporary reproduction of the computer program.

Right of distribution: The exclusive right to rent, lend, put up for sale or distribute in any other way, the original or copies of a work, belongs to the author.

The exhaustion of the right of distribution: By the first sale or distribution of reproduced copies of a work with the author's consent, the distribution right of the author is exhausted for these copies. This principle is also valid for the related right holders. The principle of the exhaustion is national. Renting and lending right shall not be exhausted by any sale or other act of distribution of originals and copies of works.

Right of performance: The author shall have the exclusive right of performance of her/his work by reciting, playing, dancing or showing the original or an adaptation on public premises, either live or by means of devices permitting the transmission of signs, sounds or images.

Right to communicate to the public: The author shall have the exclusive right of *broadcasting* the work by means of organizations broadcasting by wires or by wireless broadcasting organizations like radio, television, satellite and cable broadcasting by devices used for transmitting signs, sounds and/or images included digital transmission, and the right of communicating these works to the public by *rebroadcasting* by different broadcasting organizations after obtaining materials from the previous broadcasts.

Additionally, the author shall have the right to give permission or to prohibit the sale, distribution or presentation of her/his original work or reproduced copies to the public by devices working by wire and wireless and *making available* to the public of works by providing any access from a place and at a time chosen by the natural persons.

Moral Rights:

Turkish national law, like many other national legislations, provides for the following prerogatives of moral rights:

- **Authority to disclose the work to the public:** The author shall exclusively determine whether or not her/his work shall be disclosed to the public and the time and manner of its publishing.

Only the author may give information on the contents of a work of which the whole or a substantial part has not yet been made public, or whose main features have not yet been introduced to the public in any way. (art. 14 of the Turkish Copyright Law).

- **Authority to designate the name:** The author shall have the exclusive authority to decide whether the work shall be disclosed to the public or published with or without the name of the author or under a pseudonym.

The name or mark of the original author must be shown in the manner which is agreed upon or is customary, on copies of a work of fine arts created by reproduction and on the original and copies of an adaptation, and it must be clearly depicted that the work is a copy or an adaptation.

For architectural constructions that are considered as a work, the name of the author shall be inscribed in an indelible way with material considered suitable by the author on a visible part of the work, upon written request. (art. 14 of the Turkish Copyright Law).

- **Authority to prohibit modifications of the work (integrity right):** Any kind of modification, deterioration, addition or abbreviation of the work is prohibited without the permission of the author. The provision of the power guarantees not only the reputation and honor of the author (which may be harmed by changes not representing her/his ideas or beliefs), but also the integrity and authenticity of the work itself. (Art. 16 of Law no 5846)
- **Authority to access original work of fine arts:** Especially in the case of works of fine arts existing in only one original copy (for example a sculpture or a painting), the author possesses the right to access her/his work under specific circumstances. (Art.17 of Law no 5846)

Related Rights:

In Turkey, the protection of related rights has been provided since 7 June 1995. The Turkish Copyright Law protects the related rights of performers, phonogram producers, radio and television organizations and producers of the first fixation of films. The owners of related rights may also exercise the rights of filing cases of elimination of violation, prevention of violation and indemnification as well as the authors. (Art. 80 of Law No: 5846).

Civil and Criminal Actions Provided Under The Turkish Copyright Law Infringement of Moral, Economic or Related Rights

Any person whose moral and economic rights have been infringed may bring an action against the infringer to cease the infringement.

Two types of action can be followed, civil action and criminal action.

In a civil action (Art. 66-70): the rights holder demands the cessation of the infringement of moral or economic rights. The rights holder can also act preventively to stop the infringement (Art. 69 of the Turkish Copyright Law). She/he may in all cases claim compensation (Art.70 of the Turkish Copyright Law).

In a criminal action (Art. 71): any person who infringes the moral, economic and related rights regarding intellectual and artistic works shall be sentenced to imprisonment from six months to six years or a judicial fine. It should be noted that the prosecution in criminal cases is subject to complaint.

Control Mark (Banderole) Crime and Sanctions (art. 81)

According to Turkish Copyright Law; it is compulsory to affix security labels with control marks ('banderoles') on the reproduced copies of musical and cinematographic works and on books. In order to obtain control marks for a work, the applicant must be the legitimate right holder.

The Inspection Commissions may at any time inspect whether control marks are present on copies and books on which control marks should be affixed.

Any person who infringes the control mark requirements shall be sentenced to imprisonment from one year to seven years or a judicial fine.

Turkey is a party to the following international agreements in the area of copyright:

- Bern Convention for the Protection of Literary and Artistic Works
- Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations
- Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)
- World Intellectual Property Organization (WIPO) Copyright Treaty
- World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty
- Marrakesh Treaty to facilitate access to publications by visually impaired persons and persons with print disabilities (internal approval process is on-going for its entry into force).

2.3.1.2 Enforcement and Practices

The Directorate General for Copyright currently implements the registration, control marks (banderoles) and certification systems in order to prevent copyright infringements and enable the enforcement units to perform their inspection and trial activities effectively, rapidly and systematically in response to such infringements. Furthermore, the inspections carried out by the provincial Inspection Commissions and the Copyright Automation System (TEHAKSİS) contribute to the effectiveness of the practices.

- Registration System

Unlike the industrial property rights, the rights on intellectual and artistic works are not subject to the registration requirement and such rights exist from the moment when the work is created. However, a 'registration system' is implemented in order to provide evidential proof of the right holder and to follow up the authority to exercise financial rights without aiming at creating rights as per the Article 13 of LIAW. Within this framework, the Istanbul Copyright and Cinema Directorate carries out the registration formalities for productions that incorporate cinematographic and musical works and computer games locally produced or imported into the country. Moreover, recording and registration formalities are carried out by CGD optionally for all groups of works upon declaration.

The registration formalities are also highly important as a means of obtaining statistical data regarding the cultural production in the country. Statistics on the registration procedure that is mandatory for cinematographic and musical productions as well as computer games are provided below:

Table 2-1: Registration Statistics

	2008	2009	2010	2011	2012	2013
Music	3392	3568	3138	3595	3498	3152
Cinema	2426	1832	1986	1286	956	929
Computer Games ⁴	–	–	–	364	385	181
Total	5818	5400	5124	5245	4839	4262

- Control Mark System (Banderole System)

The control mark system (banderole system) is compulsory for the copies of locally produced or imported cinematographic and musical works, including computer games and literature, in order to prevent any unauthorized reproduction and imitation of intellectual and artistic works. A control mark or banderole is a security label with holographic properties that is affixed on the reproduced copies of intellectual and artistic works; it contains a security strip that is destroyed if removed and leads to the loss of properties of the material it is labelled and a square code.

Control marks, which are effective instruments of enforcement in distinguishing between legal copies and pirate copies based on the national conditions, are also highly instrumental in identifying the right holders through their serial numbers.

Table 2-2: Numbers of Control Marks (Banderoles) Issued

	2008	2009	2010	2011	2012	2013
Literature	163,165,695	170,324,457	214,414,289	289,193,982	293,257,824	330,017,405
Motion picture, music, computer games	38,029,198	41,279,982	54,074,344	55,791,260	36,457,947	22,609,407

⁴ The number of registrations for computer games was covered as part of cinematographic works between 2006 and 2010.

- Certification System

Any premises engaged in recording, reproduction, distribution and sale of intellectual and artistic works are subject to certification by the Ministry of Culture and Tourism. Within this scope, recording facilities, printing houses, publishing houses, movie theatres as well as premises and venues engaged in the sale, distribution, import or rental of intellectual and artistic works are subject to certification as per the relevant Regulation. The certification system also contributes to obtaining statistical data on the industry, in addition to facilitating the inspection of businesses operating in this field.

Table 2-3: Number of Certified Businesses⁵

2008	2009	2010	2011	2012	2013
1,695	2,308	2,616	2,998	4,156	3,699

Producers of cinematographic and musical works operating in the country are strictly required to obtain producer certificates from the Ministry of Culture and Tourism. Within this scope, a total of 1508 producers, of which 739 were music producers and 769 were cinematographic producers, were operating in Turkey by the end of 2013.

- Automation System (TEHAKSİS)

The control mark, certification, producer certification and registration systems are implemented by the Directorate General for Copyright via its Automation System (TEHAKSİS). The information retrieved from this system is shared with the relevant units to accelerate the prosecution and trial processes as well as to generate statistical data.

2.3.2 INSTITUTIONAL FRAMEWORK

The regulatory and enforcement units in the field of copyright in Turkey are as follows:

- Ministry of Culture and Tourism – Copyright General Directorate
- Law Enforcement Units (Ministry of the Interior, Turkish National Police and General Command of Gendarmerie)
- Judiciary
- Customs Authority – Ministry of Customs and Trade
- Provincial Inspection Commissions

2.3.2.1 Ministry of Culture and Tourism – Directorate General for Copyright

The Directorate General for Copyright (DGC), affiliated to the Ministry of Culture and Tourism, is assigned to fulfil the tasks and duties in the field of copyright in Turkey. In addition, the Istanbul Copyright and Cinema Directorate also operates in this area as a provincial unit directly affiliated to the central administration.

The DGC is responsible for fulfilling the duties of setting, implementing and following strategies for the purposes of: regulating, protecting and developing the area of copyright in harmony with public interest, economic and social developments and promoting the production of quality works; following up on the international developments in this field; taking necessary measures in order to prevent copyright violations; carrying out preparatory works for legislation; determining the principles in connection with administrative and legal measures to be implemented; preparing the infrastructure in line with technological advances and ensuring its effective functioning; ensuring cooperation and coordination with collective management societies, relevant entities and bodies; organizing or supporting national or international scientific, cultural, artistic and social projects and events in the field of copyright.

⁵ Source : Directorate General for Copyright, the Culture and Tourism Ministry

2.3.2.2 Law Enforcement Units

In order to carry out the activities stipulated in the laws regarding the protection of intellectual property rights and combating violations of rights in Turkey, the Intellectual Property Crimes and Press Section Directorate under the Turkish National Police Security Department is responsible at the central level and the Intellectual Property Crimes Office under the Security Section Directorates is responsible at the provincial level (81 provinces); the Gendarmerie Organization is entrusted with this duty for the rural areas. Law enforcement units are authorized to conduct investigations *ex officio* against offences involving control marks.

2.3.2.3 Judiciary

Legal actions regarding disputes in the field of intellectual property are basically heard by specialized courts. Civil and Criminal Courts for Intellectual and Industrial Property Rights (IIPR) were established for the first time in 2001. At present, there are a total of 21 IIPR specialized courts in Istanbul, Ankara and İzmir, of which 11 are civil courts and 10 are criminal courts. Civil courts of first instance and criminal courts of first instance have the jurisdiction to hear cases related to the Intellectual and Industrial Property Rights in places that do not have any specialized courts.

2.3.2.4 Customs Authority – Ministry of Customs and Trade

The Ministry of Customs and Trade fulfils the duty of exercising enforcement on persons, articles and vehicles within any customs zones in the Republic of Turkey under anti-smuggling practices. Those articles that violate the rights of the intellectual property right holders are seized or are not allowed to be cleared by customs administrations upon the request of the right holders or their representatives or *ex officio*.

2.3.2.5 Provincial Inspection Commissions

The Inspection Commissions play a significant role in initiating the trial process with respect to violations of intellectual property rights, by performing inspections *ex officio* to uncover any pirated materials.

Inspection Commissions were set up in the provinces (81 provinces) to perform inspections as to whether copies that are required to carry control marks actually have such marks. These Commissions are composed of representatives of law enforcement forces, staff of the provincial directorates of culture and tourism and collective management societies.

Within the framework of cooperation established between the Ministry of the Interior and the Ministry of Culture and Tourism for the effective control of violations of intellectual property rights, information seminars are organized about the legislation and the implementation thereof, to enable these inspection commissions to fulfil their tasks rapidly and effectively.

In order to enable the Provincial Inspection Commissions to perform inspections rapidly and effectively by penetrating into the roots of piracy, the inspections are accelerated by on-the-spot verifications of pirated materials through the use of mobile devices integrated into TEHAKSIS.

Furthermore, all inspection costs, including expenses incurred due to the technical hardware and devices supplied, are borne by the Ministry of Culture and Tourism and bonuses are paid to the members of the Commissions in order to encourage them, with incentives proportional to the number of pirated materials seized.

2.3.2.6 Intellectual and Industrial Property Rights Coordination Council

Although a legal and administrative structure that conforms to international norms is in place in the field of intellectual property rights in the country, there has been an obvious need for effective cooperation between the relevant entities and bodies so that objectives set could be achieved. Accordingly, the Intellectual and Industrial Property Rights Coordination Council was set up in 2008, with a view to setting common strategies and policies between the public entities and ensuring harmony in practice. The duties of the Council include

setting short, medium and long term strategies regarding intellectual property rights and ensuring effective implementation through coordination and cooperation between the relevant entities.

2.4 Collective Management

Copyright Collective Management Societies are set up by work owners, related right holders and publishers of scientific and literary works in order to manage and enforce their rights recognized by law and to collect remuneration from these rights and distribute it to the right holders.

In our country, collective management societies gain legal entity status upon submission of the documents stipulated in the legislation to the Ministry of Culture and Tourism, and they may start operating upon authorization issued by the Ministry. Several collective management societies can be opened in the same field and societies operating in the same field can be organized into a federation.

All collective management societies are subject to administrative and financial audits by the Ministry of Culture and Tourism. The 'By-Law on Collective Management Societies and Federations of Intellectual and Artistic Work Owners and Related Right Holders' is applicable to the establishment of collective management societies and their federations as well as their duties and authorities.

Collective management societies may be set up in the following areas pursuant to the abovementioned by-law:

1. As regards the work owners:
 - (a) Owners of scientific and literary works;
 - (b) Owners of musical works;
 - (c) Owners of fine arts;
 - (d) Owners of cinematographic works;
 - (e) Owners of adaptations and collections.
2. As regards the related rights holders
 - (a) Performers;
 - (b) Phonogram publishers;
 - (c) Radio and television entities;
 - (d) Producers of first fixation of films;
3. Publishers reproducing and distributing non-periodical publications

At present, there are a total of 27 collective management societies, of which 13 represent work owners, 11 represent related right holders and three are in the area of broadcasting, and there is one federation representing the scientific and literary work publishers in the country.⁶

⁶ A list of the collective management societies in Turkey is presented in Annex 3.

3. METHODOLOGY AND ECONOMIC CONTRIBUTION OF COPYRIGHT INDUSTRIES

This part of the study presents: the main approach to classifying copyright industries in order to facilitate data collection; the data collection methodology; methods used to determine the copyright factors in order to adjust partial and non-dedicated support industries data; the contribution of copyright industries to the Turkish economy (contribution to GDP, employment, and foreign trade); trends in the contribution of copyright industries; comparisons with other sectors within the national economy; and international comparisons.

In brief, the next section presents the methodology applied in data gathering, the data, and analyses.

3.1 Classification of Copyright Industries according to Wipo Methodology

Although the copyright-protected works are varied, they usually include the following (WIPO, 2003):

- Press and literature (periodicals such as newspapers, magazines and books, poems, stories, etc.);
- Musical works;
- Works of fine arts (paintings, sculptures, graphics, etc.);
- Maps and technical drawings (architectural and engineering drawings, etc.);
- Photographic works;
- Motion pictures and other cinematographic works (documentaries, television programs, television serials, etc.);
- Software and databases;
- Radio programs;
- Products such as jewelry, furniture, textiles, toys, carpets and household goods having an element of artistic creativity (incorporating intellectual labor) in their creation.

The copyright industries that are also defined as creative or cultural industries are those industries that are engaged in creating and producing the abovementioned works and distributing them to consumers. Any given industry must absolutely be related to a work based on copyright for it to be referred to as a copyright industry. Such relation can be in the form of actual creation and production of the work (such as writing and printing a book, writing and staging a play, making and performing a composition, writing scripts and shooting them as a film, programming software, etc.) as well as in the form of contributing to the production of such works (manufacturing and sale of paper to print books, manufacturing and sale of equipment to shoot a film, manufacturing and sale of musical instruments to make compositions, etc.) and contributing to the distribution and consumption by users (screening a movie at a movie theatre, production and sale of television sets to view television programs, manufacturing and sale of computers to program and use software, etc.). So, the activities of copyright industries include both goods and services.

While assessing the economic contribution of the copyright industries for statistical purposes, it is important to identify these industries accurately in light of the general principles outlined above.

Researchers found that the copyright industries were identified using different methods in the studies conducted in the past in various countries. This led to certain challenges in comparing the economic contributions of the copyright industries in different countries. In order to overcome these challenges, WIPO issued the *Guide on Surveying the Economic Contribution of Copyright Industries* in 2003. This guide defines an industry as 'a cluster of activities which can be identified and are statistically measurable'. Thus, various activities related to copyright were grouped under certain industries and categories of copyright industries were formed. In the meantime, it was found out that certain industries had greater relations with copyright compared to other industries; therefore, the copyright industries were grouped under four main categories

in the abovementioned guide according to their respective relations with copyright. The main categories suggested in the guide and explained below were also taken into account in this study.

The first category consists of the core copyright industries. As mentioned above, these industries refer to the ones that have the highest level of relation with copyright. All the activities of these industries are related to the creation of copyright works (writing, composing, programming, etc.), and the production (printing, filming, etc.), screening, staging, performance, broadcasting, distribution, wholesaling and retailing of such subject-matter. The industries in this category are listed below:

- Press and literature;
- Music, theatrical productions, operas;
- Motion picture and video;
- Radio and television;
- Photography;
- Software and databases;
- Visual and graphical arts;
- Advertising services;
- Copyright collective management societies.

These industries cover the individuals, enterprises, institutions and organizations whose activities are primarily related to the creation, production, exhibition, performance, screening, broadcasting, distribution, wholesaling and retailing of copyright work as well as associated services (for example, ballet, dancing, music and drawing instruction and collective management societies, etc.).

Interdependent copyright industries constitute the second category. The core copyright industries use the products produced by the interdependent copyright industries while they create their works and consumers use the products produced by the interdependent copyright industries while they benefit from the works of the core copyright industries. If the products of these industries did not exist, no copyright work could be produced nor could consumers benefit from such works. The industries that are included in this category are listed below:

- Manufacture, wholesale and retail of TV sets, radios, VCRs, CD players, DVD players, cassette players, etc.;
- Manufacture, wholesale and retail of computers and equipment;
- Manufacture, wholesale and retail of musical instruments;
- Manufacture, wholesale and retail of photographic and cinematographic instruments;
- Manufacture, wholesale and retail of photocopiers;
- Manufacture, wholesale and retail of blank recording materials;
- Manufacture, wholesale and retail of paper.

Partial copyright industries constitute the third category. This definition refers to industries in which a portion of the activity is related to the works and other protected subject-matter and/or also their creation, production, performance, broadcasting, screening, exhibition, distribution and sales.

The industries in this category are listed below:

- Apparel, textiles and footwear;
- Jewelry and coins;
- Other crafts;

- Furniture;
- Household goods, china and glass;
- Wall coverings and carpets;
- Toys and games;
- Architecture, engineering, surveying;
- Interior design;
- Museums.

For example, not all, but some, of the products produced in the furniture industry are products based on intellectual labor (therefore, copyrighted). Likewise, a certain portion of the works exhibited in museums is covered by copyright.

Non-dedicated support industries constitute the fourth category. They transport, distribute and sell (delivery to final consumers) the products that are produced by the core copyright industries, interdependent, and partial copyright industries. In other words, a portion of the activities of the non-dedicated support industries is related to the transportation, distribution and sale of copyright products. The industries in this category are listed below:

- General wholesale and retailing;
- General transportation;
- Internet.

For example, reproduced music CDs, printed books and newspapers, and manufactured television sets are transported by transport companies from a departure point to a destination.

The industries suggested in the WIPO Guide and explained above, as well as the associated sub-industries, were used in this study.

3.2 Data Collection Methodology

After the copyright industries had been identified in the way explained in the preceding section, the method for collecting data regarding these industries was determined. Turnover, value added, employment and foreign trade figures were identified as the type of data to be collected with respect to the copyright industries. First of all, ways were explored for using the databases of the Turkish Statistics Institute (TURKSTAT), that is, the public statistics authority in Turkey. TURKSTAT classifies economic activities according to the Statistical Classification of Economic Activities in the European Community (NACE Rev 2.) and collects the statistics in compliance with this classification. It was found out during the search conducted on TURKSTAT databases that the statistics were compiled on the basis of the four-digit codes in NACE Rev 2, starting from 2009 onwards. TURKSTAT databases contain turnover, value added and employment data associated with the four-digit activity codes. TURKSTAT calculates the value added based on the data collected through the surveys.

An analysis of NACE Rev. 2 showed that the economic activities designated by four-digit codes were consistent with the objectives of our study. The four-digit economic activity classification made by NACE Rev. 2 covered almost all the activities carried out by the copyright industries. Following this finding, it was established which four-digit codes exactly corresponded to which industries and the four-digit codes identified were grouped under the industries they were related to. Table 3.1 below indicates the number of four-digit codes to which each copyright industry is related.

Table 3-1: Number of NACE Rev 2. Four-Digit Codes

Industry	Number of NACE Rev 2. Four-Digit Codes
Core Copyright Industries	
Press and literature	18
Music, theatrical productions, operas	11
Motion picture and video	5
Radio and television	5
Photography	1
Software and databases	10
Visual and graphical arts	4
Advertising services	3
Interdependent Copyright Industries	
TV sets, radios, VCRs; CD players, etc.	7
Computers and equipment	5
Musical instruments	4
Photographic and cinematographic instruments	4
Photocopiers	2
Blank recording materials	2
Paper	5
Partial Copyright Industries	
Apparel, textiles and footwear	18
Jewelry and coins	5
Furniture	7
Household goods, china and glass	6
Wall coverings and carpets	4
Toys and games	3
Architecture, engineering and surveying	2
Museums	2
Non-dedicated Support Industries	
General wholesale and retailing	25
General transportation	8
Internet	2

Some problems were encountered in assigning the economic activities designated by four-digit codes to the copyright industries to which they were related. The first problem that needs to be mentioned is related to the activities having the Codes 46.51 and 47.41. Activity Code No 46.51 involves 'wholesale of computers, computer peripheral equipment and software'. Activity Code 47.41 involves 'retail sales of computers, computer peripheral equipment and software'. As can be seen, both activities cover computers, computer peripheral equipment and software. Among these activities, software wholesaling and retailing is classified by WIPO under the core copyright industries, while wholesaling and retailing of computers and computer peripheral equipment is classified under interdependent copyright industries. In order to separate the software wholesaling and retailing and the wholesaling and retailing of computers and computer equipment, an analysis was performed to see if the economic activities with the Codes 46.51 and 47.41 could be divided into subgroups by the six-digit codes, although it was understood that they could not be separated at that level. Therefore, the relevant studies were reviewed and it was found that hardware accounted for 81% of wholesaling and retailing while software accounted for 19%. Economic activities with Codes no 46.51 and 47.41 were broken down based on these rates.

However, another concern was related to the economic activities having codes 59.11 and 59.12. Economic activities having Code 59.11 entail 'Motion picture, video and television program production activities'. Economic activities having Code 59.12 entail 'Motion picture, video and television program post-production activities'. A closer look at these codes reveals that motion pictures, video and television programs are covered jointly and there is no further separation by the six-digit codes. This is because the same company may film motion pictures and television programs (for example, television serials) and perform their video recording. We sought the guidance of Movie Producers Professional Association in order to separate these two four-digit codes into appropriate core copyright industries.

Besides the abovementioned matters, each four-digit economic activity was analyzed in detail to see if one code covered several copyright industries. As a result of this analysis, it was found that some four-digit economic activity codes were related to several copyright industries. For example, the four-digit activity code no 46.49 was related to 'wholesale of other household goods'. This was a very broad classification, including the wholesaling of many products. While some of these products were related to copyright, others were not; furthermore, those that were related to copyright were related to different copyright industries. However, the four-digit activity code no 46.49 was broken down into six-digit codes and elaborated accordingly. The six-digit codes under activity code no 46.49, and the copyright industries to which activities defined by these codes are related, are as follows (the copyright industry to which the six-digit code relates is indicated in brackets):

- 46.49.03 Wholesaling of stationeries (paper);
- 46.49.04 wholesaling of toys and games (toys);
- 46.49.06 wholesaling of musical instruments (musical instruments);
- 46.49.11 wholesaling of books, magazines and newspapers (press and literature);
- 46.49.21 wholesaling of artistic works (visual and graphical arts).

Although these six-digit codes exist, TURKSTAT does not collect statistics on the basis of the six-digit codes. However, the tax administration breaks down activities based on six-digit codes and takes into consideration the six-digit codes in tax returns. Therefore, the proportion of the abovementioned six-digit codes in the four-digit activity code (46.49) was obtained from the tax administration and turnover, value added and employment related to the Activity Code No 46.49 were broken down to the activities related to the six-digit codes by using these ratios.

Another relevant example is related to the four-digit activity code no 46.52. This four-digit activity code covers wholesaling of electronic and telecommunication equipment and parts and thus involves wholesaling of such products that are not based on copyright. This was also broken down to six digits. Of the six-digit activity codes, only the code no 46.52.04, indicating the wholesaling of blank audio and video recording materials and disks, and magnetic and optical disks, CDs and DVDs, constitutes a copyright activity. The proportion of the six-digit code (46.52.04) related to the copyright activity in the four-digit activity code (46.52) was obtained from the tax administration and turnover, value added and employment related to Activity Code no 46.52 was broken down to the relevant activity by using this ratio. Twenty similar four-digit mixed activity codes were identified and the same method was used to break down these codes into six-digit codes related to copyright. This was largely encountered in the four-digit activity codes related to wholesaling and retailing.

There is another issue relating to public bodies operating in the copyright industries. Public bodies have substantial activities in the fields of music and theatrical productions and operas, as well as museums. The State Opera and Ballet, State Theatres, Chorus and Symphony Orchestras affiliated to the Fine Arts General Directorate are the governmental bodies operating in the music, theatrical productions and opera industries. The Ministry of Culture and Tourism, Central Directorate of Revolving Fund (CDRF) operates museums and archaeological sites throughout Turkey. However, TURKSTAT does not collect any statistics on the basis of economic activities of public bodies; it only collects general data related to the public sector in order to calculate the GDP. Therefore, the necessary data was obtained from the Ministry of Culture and Tourism, the State Theatres General Directorate; the State Opera and Ballet General Directorate; the Fine Arts General Directorate, and the Central Directorate of Revolving Funds and used in the study.

Other economic activity codes requiring particular attention are four-digit codes no 61.10 – wired telecommunications activities – and 61.20 – wireless telecommunications activities. Under the four-digit codes no 61.10, there are six-digit codes, no 61.10.15: cable telecommunication activities (excluding internet access); and 61.10.17: provision of internet access via cable networks. Likewise, the six-digit codes no 61.20.20: wireless telecommunication activities (excluding provision of internet access over the networks and those conducted via satellite) and 61.20.03: provision of internet access over wireless networks, are both under the four-digit code no 61.20. The four-digit code no 61.30 is related to telecommunication activities over satellite and is not broken down into any six-digit activity codes. Telecommunication activities are very broad and involve many activities. They were broken down as required by taking into consideration the market data published by the Information and Communication Technologies Authority and opinions of the experts from this authority, as well as the ratios obtained from the tax administration. In particular, opinions of experts from the Information and Communication Technologies Authority were taken into consideration in identifying the data related to cable TV, and television broadcasts by satellite.

After collecting the data from TURKSTAT and governmental bodies by using the methods explained above, a meeting was held with the representatives of the copyright industries, at which the representatives of the industries were briefed on the objectives of the study and its method and requested to provide specific figures relating to their respective industries. This would serve the purpose of obtaining representatives views from the industries. The representatives of the industries were also asked to comment on the specific problems in their respective industries, as well as on any industry-related developments and their expectations, including any proposed action to be taken to increase the shares of their respective industries in Turkey's GDP. After this meeting, the data provided by these industrial representatives were compared with the data collected by the study team and the data were reviewed and corrected if a significant inconsistency was found between them. After this action, the data set was finalized. One fact is worth underlining at this point: if the data provided by the industry representatives were significantly different from the data collected, the reason for such a difference was assessed and checks were made to see if there were any missing or incorrect data. If such a case was detected, the missing data or incorrect data were retrieved from the database.

A different method was followed in compiling data on foreign trade. This was because foreign trade related to the copyright industries consisted of two basic components: the foreign trade of goods (press and literature, television sets, radio sets, cinematographic instruments, etc.) and various payments to and collections from foreign entities in connection with copyright products (copyright, TV programs broadcasting rights, proceeds of TV program formats, digital music and motion picture screening rights, etc.). Data relating to the foreign trade of goods could easily be obtained. For this purpose, appropriate Customs Tariff Statistical Positions (CTSP) were identified and the export and import data on the copyright goods were compiled from TURKSTAT according to their CTSP codes. There are no CTSP codes for some goods; information regarding the import and export of such goods was obtained from the collective management societies. Moreover, foreign trade data regarding three activities (photography, museum studies, architecture and engineering) were also obtained according to their ISIC codes from TURKSTAT. The data regarding other payments and collections were not available in the official statistics, nor could such data be found either through the Central Bank or through the banks. Therefore, a series of discussions were held with the collective management societies and leading companies of the industries in an attempt to obtain such foreign trade data. The data on the control marks regarding the imported CDs and DVDs, as well as data on the control marks regarding translated books, were obtained from the Ministry of Culture and Tourism, while the data on the duration of foreign programs on TV and radio channels were obtained from TURKSTAT. The foreign trade figures on the core copyright industries in particular were derived from such data acquired in this way. Because the foreign trade of interdependent copyright industries and partial copyright industries were based on the import and export of goods, no problems were encountered in compiling the foreign trade data on these industries; however, as most of the core copyright industries did not involve trade of goods, the foreign trade data on these industries were not primarily based on official statistics. Because foreign trade figures on some of the core copyright industries for some years could not be reliably acquired despite these efforts, the foreign trade data relating to such industries could not be included in this study. The flow chart below summarizes the data collection methodology.



3.3 Copyright Factors

Copyright factors indicate the relationship of a given industry with copyright. As also noted above, the copyright industries are categorized into four main groups and this categorization is based on the relationship of the relevant group with copyright. The WIPO *Guidelines* have laid down that 'this factor must be determined in copyrights-based industries other than the core copyright industries for which the copyright factor shall be taken as 100%'. As the definition suggests, all the activities of the core copyright industries rely on the creation (authoring, composing, programming, etc.), production (printing, shooting of a movie, etc.), display, performance, publishing, distribution, wholesaling, and retailing of copyright products. All activities in these industries directly relate to copyright, and as a natural consequence, the copyright factor shall be assumed to be 100% for such industries. Products of the interdependent copyright industries are mainly used for producing the products of the core copyright industries and their use by consumers. In almost all international studies, the copyright factor of the interdependent copyright industries is assumed as 100%; this assumption is an internationally recognized practice. Our research also confirms that this practice is reasonable because the products of these industries are necessary for the creation, production, and use of copyrighted works. Therefore, our study assumes the copyright factor as 100% for the interdependent copyright industries.

We would like to make a point clear. When the project team identified the activity codes of the interdependent industries, activities that were not related to copyright were excluded. Mixed codes for interdependent industries were also disaggregated, as explained above, and six-digit codes that were not related to copyright were excluded. For example in the paper industry, four-digit activity codes 17.21 (manufacture of corrugated paper and paperboard and of containers of paper and paperboard), 17.22 (manufacture of household and sanitary goods and of toilet requisites), 17.29 (manufacture of other articles of paper and paperboard) were excluded, because they are not related to copyright.

However, the copyright factors still had to be determined for the partial copyright industries and non-dedicated support industries. There are several ways to accomplish this task: questionnaires could be sent to the companies, interviews could be conducted, and the copyright factors of other countries could be compared. We adopted a different approach. The Union of Chambers and Commodity Exchanges of Turkey

has sector assemblies. These assemblies are the focal point of contact for the respective industries and have the best knowledge for their sectors. We considered the sector assemblies as the best source to provide the information required and contacted them. Representatives of the industry assemblies were briefed on the purpose of the study and given the definition of the copyright factor, and they were asked to prepare brief reports on copyright factors. We contacted the following industry assemblies, which prepared the reports in return:

- Glass and Glass Products Industry Assembly
- Ceramic and Refractory Industry Assembly
- Clothing and Apparel Industry Assembly
- Jewelry Industry Assembly
- Furniture Products Assembly

The Carpet Industry Report, which had been prepared by the Ministry of the Economy of the Republic of Turkey, was reviewed to reflect on the carpet industry. Industry experts were consulted for the toys, architecture, engineering and surveying industries. The copyright factor for museums was obtained from the Ministry of Culture and Tourism. Thus it can be understood that our research method to determine copyright factors was based on interviews: we determined that if we sent questionnaires to firms, the rate of reply would be too small to draw useful conclusions. But sector assemblies and other experts have the best knowledge in their respective industries and for this reason, we decided to interview them and we obtained very useful results. As we indicated above, after we presented the questions we requested them to prepare a written report.

We benefited from the Republic of Korea's study when we prepared the questions for the interviews. The basic questions we asked are presented below:

- How important is copyright in the operations of the sector?
- Do the companies in the sector receive or pay any form of payments (royalties or license fees) for the use of intellectual rights?
- What is the percentage of the sector's operations, on average, that is based on copyright or creative activities?

We should point out that these are the basic questions we asked. We then discussed further with the industry representatives, to clarify what we wanted to learn.

As a result of all these efforts, the copyright factors were determined for the partial copyright industries, as indicated in Table 3.2 below.

Table 3-2: Copyright Factors of the Partial Copyright Industries

Industries	Copyright Factors
Textile, apparel and footwear	0.25
Jewelry and coins	0.07
Furniture	0.45
Household goods, ceramic and glass	0.01
Wall coverings and carpets	0.10
Toys and games	0.03
Architectural, engineering, surveying	0.25
Museums	0.20

A different method was followed for determining the copyright factors for non-dedicated support industries. In this context, the internet is the most important industry. The reason is simply that many copyright products (newspapers, magazines, books, musical works, films, software etc.) are in electronic format and available on the internet; therefore, the internet plays a significant role in the consumption of many copyright products and enjoys a considerable position among the non-dedicated support industries. According to the results of the Information and Communication Technology (ICT) Usage Survey on Households, regularly conducted by TURKSTAT, downloading software, downloading and playing games, movies, music and videos and reading news articles, newspapers or magazines online occupy significant shares in the internet usage of individuals. However, TURKSTAT does not collect any information on how much time these individuals spend on the internet engaged in such activities. ComScore surveyed the amount of time spent by individuals on the internet in Turkey and the internet's copyright factor was determined by taking into account the period of time spent by individuals on the internet for the purposes of enjoying copyright-related products.

The method suggested in the WIPO *Guidelines* was used for determining the copyright factor in the general wholesaling and retailing and general transportation sectors. The formula of this method is presented below:

Sum of the value added of the Core, Interdependent and Partial Copyright Industries/(GDP – value added of general wholesale and retailing and general transportation)

The logic of this formula is based on the assumption that the proportionate contribution of the copyright industries to the total distribution industry value added (transportation and trade sectors) is the same as the percentage contribution of the copyright industries to the total non-distribution industries.

Therefore, as also noted in the WIPO *Guidelines*, the copyright factor of non-dedicated support industries may vary every year. The copyright factors of the non-dedicated support industries are indicated in Table 3.3 below:

Table 3-3: Copyright Factors of the Non-dedicated Support Industries

Industries	Copyright factors			
	2009	2010	2011	
General wholesale and retailing	0.0562	0.0551	0.0547	
Transportation	0.0562	0.0551	0.0547	
Internet				0.13

The copyright factors of the general wholesale and retailing and general transportation sectors have not changed over time in Turkey. As the data on the turnover, value added, employment and foreign trade in partial copyright industries and non-dedicated support industries were shown, the values related to these industries (turnover, value added, employment, import and export) were multiplied by the copyright factors, which must be considered while assessing figures in connection with these industries.

3.4 Contribution of Copyright Industries to the Turkish Economy

3.4.1 Economic Size of Copyright Industries (2011)

The table below shows the economic size of copyright industries in 2011. The economic size was represented in the form of turnover, value added and the share of value added in GDP as well as employment and its share in total employment figures.

Table 3-4: Economic Sizes of Copyright Industries (2011 – At Current Prices)

Copyright Industry	Turnover (TL)	Value Added (TL)	Share in GDP (%)	Employment	Share in Total Employment (%)
Core	59,419,312,540	16,144,108,400	1.24	422,229	1.75
Interdependent	44,621,151,032	5,065,810,051	0.39	172,491	0.72
Partial	72,791,767,554	11,691,522,839	0.90	611,174	2.53
Non-dedicated support	20,403,544,629	2,562,374,944	0.20	95,632	0.40
All copyright Industries	197,235,775,754	35,463,816,234	2.73	1,301,527	5.40
Turkish Economy		1,297,713,210,117	100	24,110,000	100

As shown in Table 3.4 above, in 2011 all copyright industries contributed to GDP and employment, by 2.73% and 5.40%, respectively. Core copyright industries made the most substantial contribution (1.24%) to GDP. Partial copyright industries made the largest contribution to employment (2.53%); the most important reason for this is the fact that the textiles and apparel and furniture industries are under the partial copyright industries and both are labor-intensive industries. Especially, the textile and apparel industry enjoys a very important position within the Turkish economy. The copyright factor of the furniture industry is relatively higher, which reveals that Turkey is capable of making original furniture designs.

3.4.2 Turnover Posted by Copyright Industries (2011)

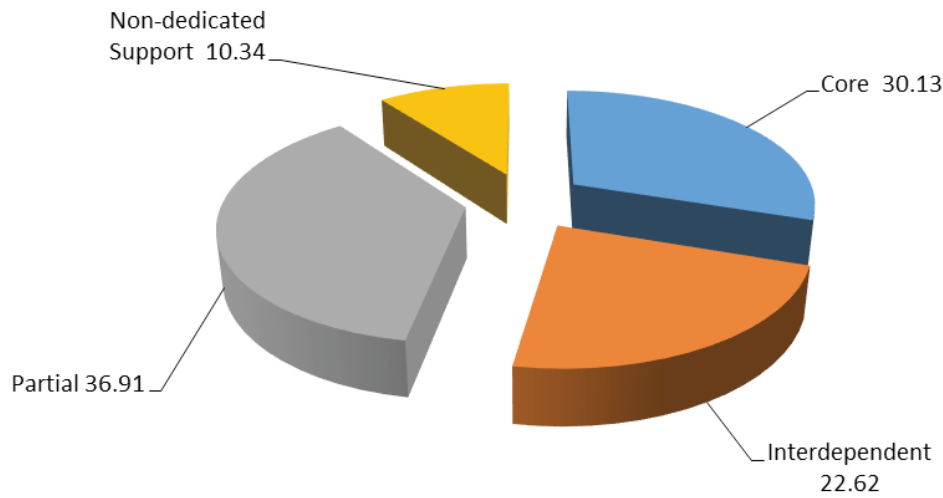
All copyright industries combined posted a turnover of 197,235,775,754 TL at current prices in 2011. Table 3.5 below indicates the turnover that was posted by different copyright industries in 2011:

Table 3-5: Turnover Posted by Copyright Industries (2011 – At Current Prices)

Copyright Industry	Turnover
Core	59,419,312,540
Interdependent	44,621,151,032
Partial	72,791,767,554
Non-dedicated support	20,403,544,629
All copyright industries	197,235,775,754

The pie chart below (Figure 3.1) shows the share of turnover posted by core, interdependent and partial copyright industries and non-dedicated support industries in 2011, within total turnover of all copyright industries in the same year:

Figure 3-1: Turnover Shares of Copyright Industries (2011, %)



As shown by the chart (Figure 3.1) above, among all copyright industries in Turkey, the partial copyright industries posted the highest turnover. The most important reason for this is the fact that the textile and apparel and furniture sectors, which come under the partial copyright industries, have a significant place in the Turkish economy. Both industries benefit from original designs and have relatively higher copyright factors. Moreover, the products of these two industries enjoy relatively higher consumption rates by consumers in Turkey and are among the major export products. However, 52.75% of the turnover posted by copyright industries in 2011 was accounted for by the turnover of the core and interdependent copyright industries. Studies conducted in many other countries led to the conclusion that a significant portion of the turnover is accounted for by the core industries. In Turkey, the share of core copyright industries within the turnover of all copyright industries does not correspond to even one-third of this total turnover, which reveals that the goods and services of core copyright industries are not sufficiently exploited by consumers. Therefore, these core copyright industries offer a considerable potential.

3.4.3 The Value Added Generated by Copyright Industries and the Share of Value Added in GDP (2011)

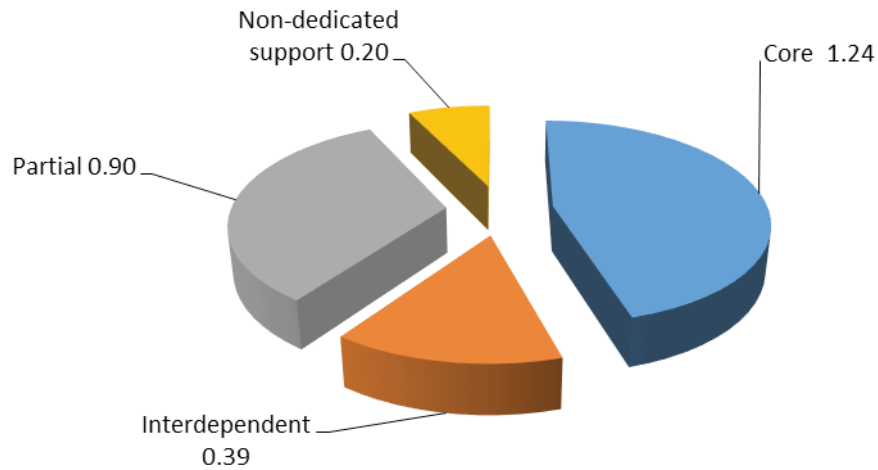
All copyright industries combined generated a total value added of 35,463,814,234 TL in 2011, at current prices. This value added accounted for 2.73% of Turkey's GDP of 1,297,713,210,117 TL at current prices in 2011. In other words, copyright industries contributed 2.73% to the GDP in 2011. Table 3.6 shows the value added generated by different copyright industries in 2011 and its share in GDP:

Table 3-6: Value Added Generated by Copyright Industries and Its Share in GDP (2011 – At Current Prices)

Copyright Industry	Value Added	Share in GDP (%)
Core	16,144,108,400	1.24
Interdependent	5,065,810,051	0.39
Partial	11,691,522,839	0.90
Non-dedicated support	2,562,374,944	0.20
All copyright industries	35,463,816,234	2.73

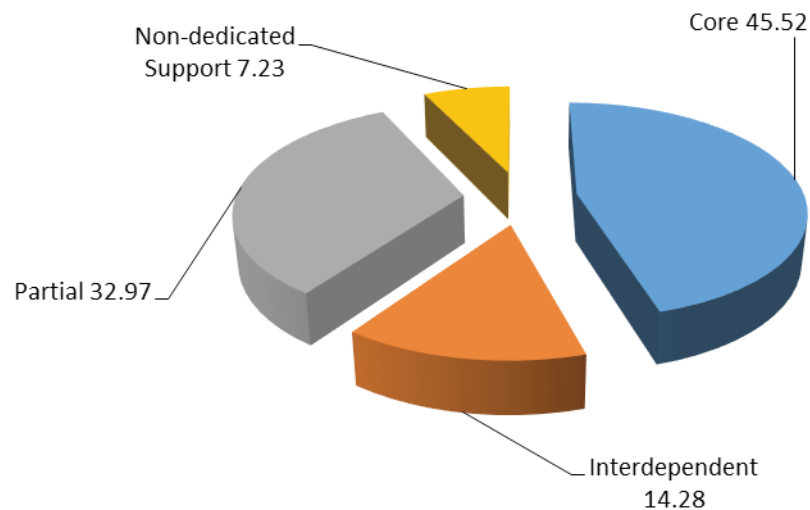
The following figure (Figure 3.2) shows the shares of the core, interdependent and partial copyright industries and the non-dedicated support industries within GDP in 2011:

Figure 3-2: The Share of Value Added Captured by Copyright Industries within GDP (2011, %)



The chart below (Figure 3.3) shows the share of value added generated by the core, interdependent, partial copyright industries and the non-dedicated support industries in 2011, within the total value added of all copyright industries in 2011:

Figure 3-3: Value Added Shares of Copyright Industries (2011, %)



Adopting a value added perspective; it can be observed that the core copyright industries made the highest contribution to GDP. The partial copyright industries had the highest rate of turnover among all copyright industries, whereas the highest rate of value added was generated by the core copyright industries. This shows that the products produced by core copyright industries enjoy higher value added compared to the products produced by partial copyright industries. This situation once again underlines the significance of core copyright industries for the economy. These industries produce products with higher value added compared to the products of other industries; therefore, for the value added generated in a domestic economy, it is highly important to consume products produced by the core copyright industries and produce new products based on this consumption.

A particular point to pay attention to in this context is that, unlike in many international studies, the value added generated by the partial copyright industries is higher than the value added generated by the interdependent copyright industries. This also relates to the structure of the economy and production in Turkey: products of

the partial copyright industries (especially textile, apparel, furniture and other household goods) are produced and consumed more than the products of the interdependent copyright industries. Furthermore, in Turkey the products of the partial copyright industries have relatively higher value added compared to the products of the interdependent copyright industries. From another viewpoint, the local content in the products of interdependent industries, namely the value added, is not so high.

3.4.4 Employment by Copyright Industries and the Share of Employment in Total Employment (2011)

All the copyright industries combined employed 1,301,527 persons in 2011. This figure corresponded to 5.40% of Turkey's total employment figure, which was 24,110,000 in 2011. The following table shows the numbers of people employed by different copyright industries in 2011, and the share of their employment figures in Turkey's total employment in 2011.

Table 3-7: Employment by Copyright Industries and the Share of Employment in Total Employment (2011, %)

Copyright Industry	Employment	Share in Total Employment (%)
Core	422,229	1.75
Interdependent	172,491	0.72
Partial	611,174	2.53
Non-dedicated Support	95,632	0.40
All Copyright Industries	1,301,527	5.40

Figure 3.4 shows the shares of 2011 employment figures for the core, interdependent and partial copyright industries and the non-dedicated support industries, within Turkey's 2011 total employment:

Figure 3-4: Employment by Copyright Industries and the Share of Employment in Total Employment (2011, %)

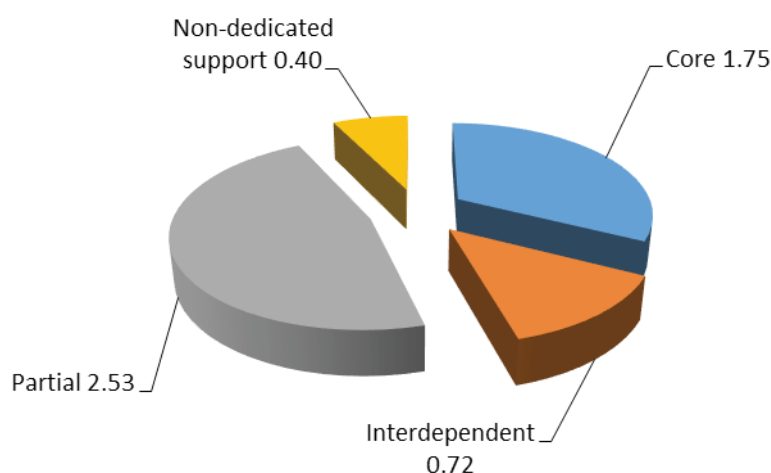
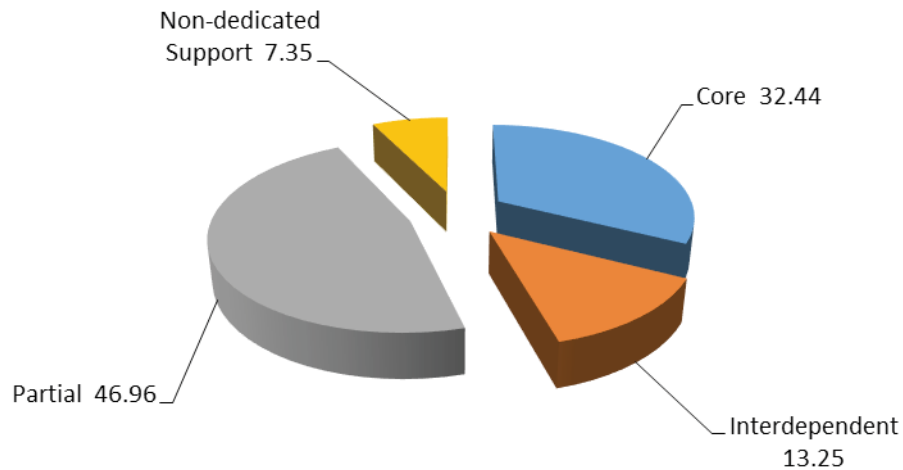


Figure 3.5 shows the shares of 2011 employment figures for the core, interdependent and partial copyright industries and the non-dedicated support industries, within total employment in all copyright industries.

Figure 3-5: Employment Shares of Copyright Industries (2011, %)



As shown by the chart above, among the copyright industries the partial copyright industries made the highest contribution to employment. As already noted, textile and apparel and furniture, in particular, are labor-intensive industries. Since the interdependent copyright industries are more capital-intensive, they have limited contribution to employment. The core copyright industries make a substantial contribution to employment, compared to other copyright Industries.

3.4.5 *Economic Contribution Trends of Copyright Industries (2009-2011)*

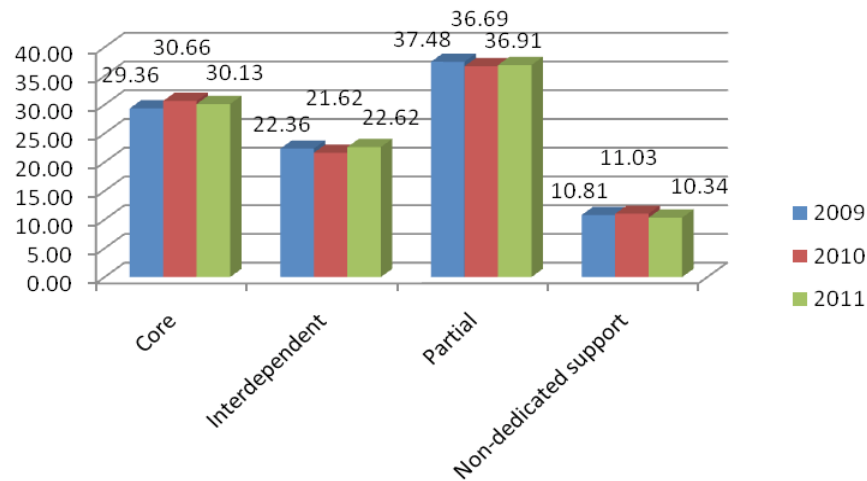
This study covers copyright industries in 2009, 2010 and 2011. The analyses conducted for 2011, which represents the last year covered by the study, are provided above. The data for the other two years are also provided below for the purposes of comparing and demonstrating the trends followed by copyright industries in terms of turnover, value added and employment:

Table 3-8: Economic Size of Copyright Industries (2009-2011 – At Current Prices)

Copyright Industry	Turnover (TL)			Share in Turnover (%)			Value Added (TL)			Share in GDP (%)			Employment			Share in Total Employment (%)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Core	44,595,580,565	51,491,137,345	59,419,312,540	29.36	30.66	30.13	12,234,549,419	14,654,751,362	16,144,108,400	1.28	1.33	1.24	370,778	387,019	422,229	1.74	1.71	1.75
Interdependent	33,959,723,562	36,315,934,569	44,621,151,032	22.36	21.62	22.62	4,084,116,047	4,208,639,253	5,065,810,051	0.43	0.38	0.39	174,222	167,493	172,491	0.82	0.74	0.72
Partial	56,924,428,256	61,623,500,994	72,791,767,554	37.48	36.69	36.91	8,538,226,250	9,699,015,229	11,691,522,839	0.9	0.88	0.9	548,660	577,577	611,174	2.58	2.56	2.53
Non-Dedicated Support	16,416,742,290	18,522,124,375	20,403,544,629	10.81	11.03	10.34	2,089,578,951	2,398,172,724	2,562,374,944	0.22	0.22	0.2	94,995	94,089	95,632	0.45	0.42	0.4
All Copyright Industries	151,896,474,673	167,952,697,283	197,235,775,754				26,946,470,666	30,960,578,567	35,463,816,234	2.83	2.82	2.73	1,188,654	1,226,178	1,301,527	5.59	5.43	5.4
Turkish Economy							952,558,578,826	1,098,799,348,446	1,297,713,210,117	100	100	100	21,277,000	22,594,000	24,110,000	100	100	100

Figure 3.6 below shows the comparative shares of turnovers achieved by copyright industries within the total turnover of all copyright industries distributed over the years 2009-11:

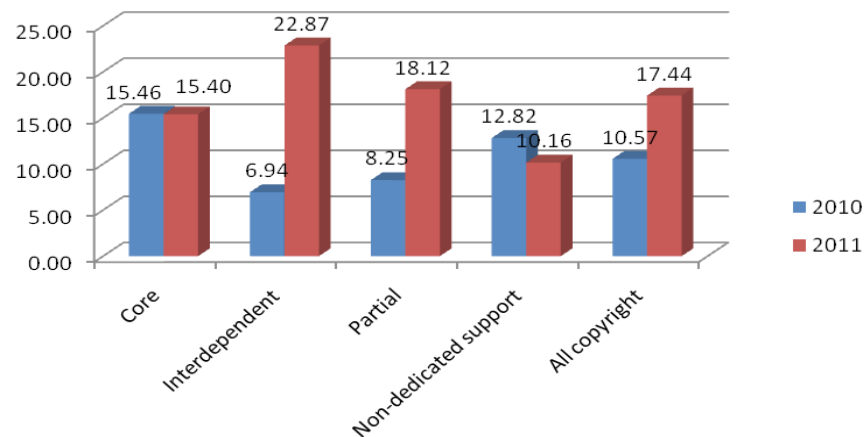
Figure 3-6: Turnover Shares of Copyright Industries (2009-2011, %)



Analysis of Figure 3.6 shows that the turnover shares of the core, interdependent and partial copyright and the non-dedicated support industries within the total turnover of copyright industries did not change significantly over the years and remained almost constant.

Figure 3.7 below shows the 2010 and 2011 turnover growth rates of the core, interdependent, partial copyright and non-dedicated support industries:

Figure 3-7: Turnover Growth Rates of Copyright Industries (2010 and 2011, %)

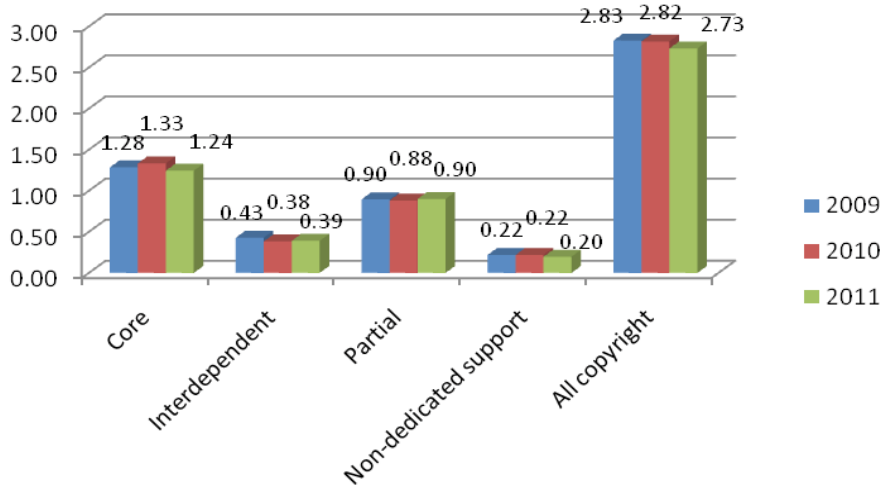


As shown in Figure 3.7, the turnover growth rate of the core copyright industries was almost the same in 2010 and 2011. However, the turnover growth rate of the interdependent copyright industries was 6.94% in 2010 and reached 22.87% in 2011. Likewise, the turnover growth rate of the partial copyright industries increased from 8.25% in 2010 to 18.12% in 2011. Although the turnover growth rate of the non-dedicated support industries saw a decline in 2011 compared to 2010, the difference was insignificant. Accordingly, the turnovers of interdependent copyright industries and partial copyright industries grew significantly in 2011 compared to 2010. This growth is much higher than the rate of inflation in the relevant year (10.45%), which shows a significant increase of demand for the products of relevant industries. There is a stable increase visible in the turnover of the core copyright industries in both years, and the rates of increase are substantially higher than the rates of inflation in the relevant years (6.40% and 10.45%, respectively), which shows that the demand also increased for the products of core copyright industries. 2009 saw a major downturn in the Turkish Economy. Consumers have higher demands for copyright products as countries recover from

economic downturn; however, as the economy improves, the increasing demand manifests itself more in the interdependent and partial copyright industries compared to the core copyright industries.

Figure 3.8 below shows the comparative value added shares of the copyright industries (at current prices) in GDP (at current prices) distributed by years:

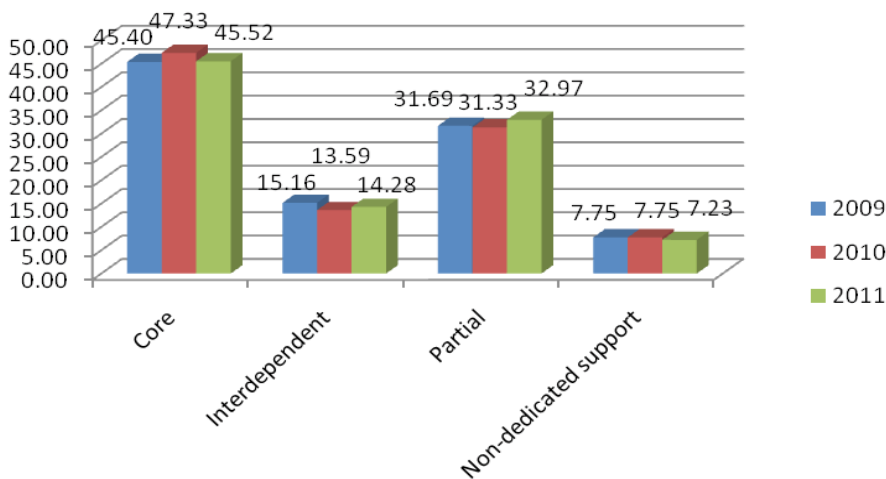
Figure 3-8: Values Added Shares of Copyright Industries in GDP (2009-2011, %)



Analysis of Figure 3.8 reveals that the value added shares in GDP of individual copyright industries, as well as their cumulative share, did not change significantly over the years. Although there are some minor changes in these rates over the years, the changes remain insignificant. This leads to the conclusion that the contribution of the copyright industries to Turkey’s GDP remained constant in 2009, 2010 and 2011, without any remarkable changes.

Figure 3.9 below shows the value added shares of the core, interdependent, partial copyright and non-dedicated support industries within the overall value added of all copyright industries over the years studied:

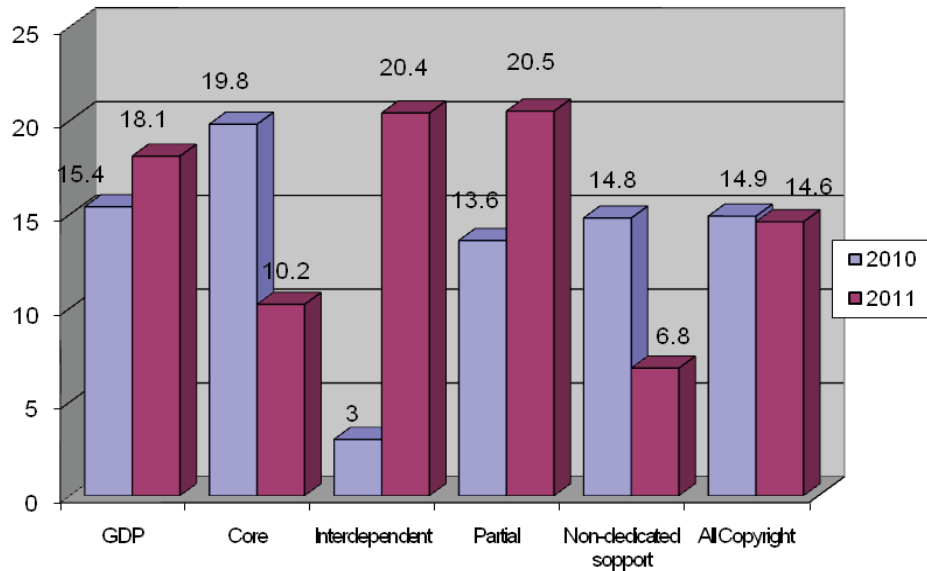
Figure 3-9: Shares of Copyright Industries in the Total Value Added of All Copyright Industries (2009-2011, %)



Analysis of Figure 3.9 reveals that the shares of value added generated by the core, interdependent, partial copyright and non-dedicated support industries within the total value added generated by all copyright industries did not change significantly over the years.

Figure 3.10 below shows the value added growth rates of copyright industries (at current prices) and GDP growth rate (at current prices) for 2010 and 2011.

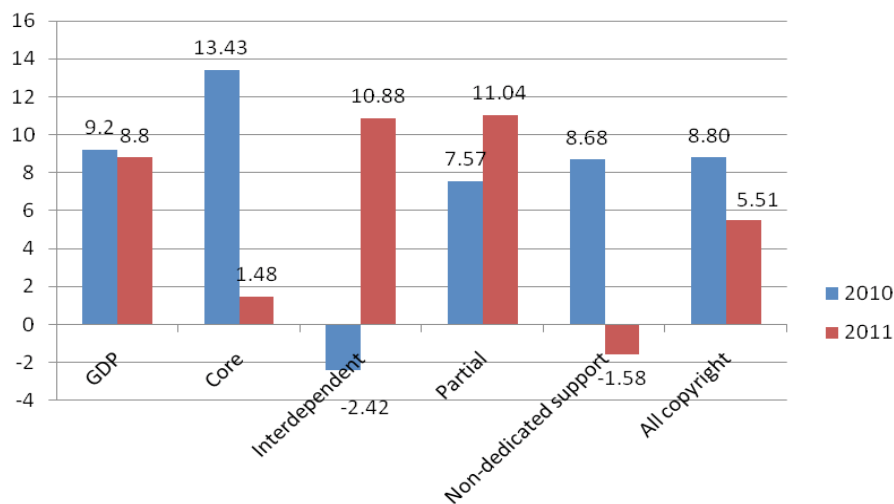
Figure 3-10: Value Added Growth Rate of Copyright Industries and GDP Growth Rate at Current Prices (2010 and 2011, %)



As shown in Figure 3.10, only the value added generated by the core copyright industries recorded an increase above that of GDP in 2010. The value added of the partial copyright and non-dedicated support industries increased almost at the same rate as that of GDP. The value added increase rate of the interdependent copyright industries remained way below the GDP growth rate. The value added of all copyright industries increased almost at the same rate as GDP in 2010. In 2011, the increase in the value added of the core copyright and non-dedicated support industries remained way below the increase in GDP. Particularly, the value added growth rate of the core copyright industries was very low, showing that the core copyright industries failed to create a significant value added in the Turkish economy in 2011. The increase in the value added of the interdependent and partial copyright industries almost equalled the increase rate of GDP. The increase in the value added of all copyright industries in 2011 remained below the GDP increase rate. Yet another remarkable point is that although its composition changed, the value added of all copyright industries increased at the same rate in 2010 and 2011.

The value added growth rates of copyright industries and GDP growth rate were also analyzed at fixed prices (1998). Figure 3.11 shows the value added growth rates of copyright industries (at fixed prices) and GDP growth rate (at fixed prices) for 2010 and 2011:

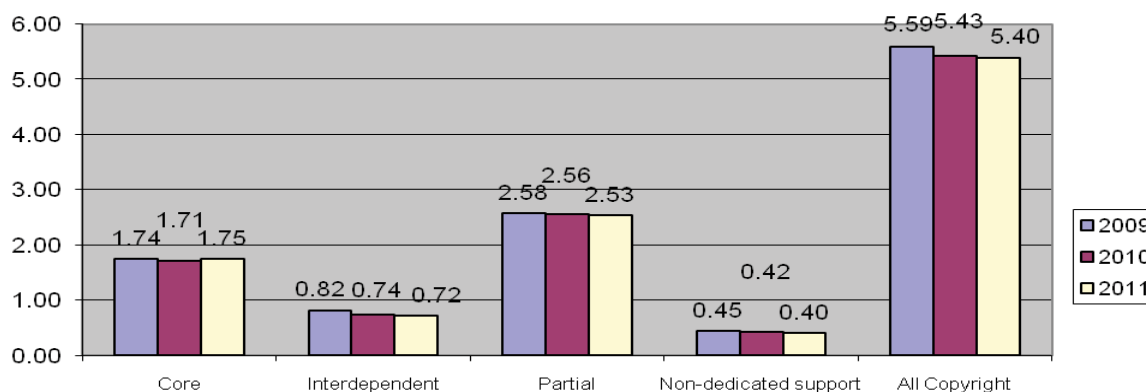
Figure 3-11: Value Added Growth Rates of Copyright Industries and GDP Growth Rate at Fixed Prices (2010 and 2011, %)



Analysis of growth rates at fixed prices indicates that in 2010 only the core copyright industries could score an increase in their value added, which was significantly above the growth in GDP. There was a decline, rather than a growth, in the value added of the interdependent copyright industries. The value added of the partial copyright industries and non-dedicated support industries recorded an increase that was slightly lower than the growth in GDP. In 2010, the value added of all copyright industries increased almost at the same rate as GDP at fixed prices. In 2011, the value added increase in the core copyright industries remained way below GDP growth at fixed prices. The value added of the interdependent and partial copyright industries recorded an increase rate that was higher than the GDP growth rate in 2011. The value added of the non-dedicated support industries at fixed prices declined in 2011. The value added of all copyright industries remained significantly below the GDP growth rate at fixed prices in 2011.

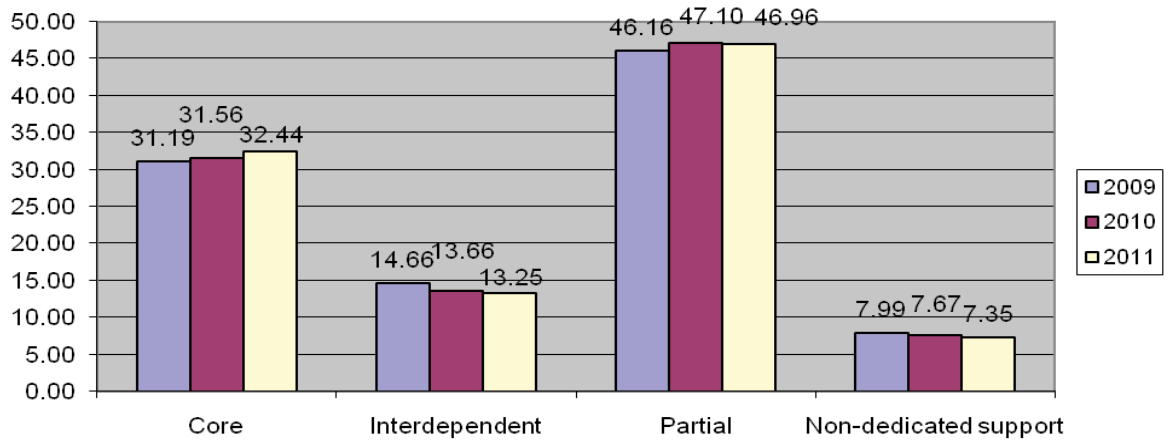
Figure 3.12 below shows the comparative ratio of employment by copyright industries, within total employment, distributed over the years studied:

Figure 3-12: Employment Shares of Copyright Industries in Total Employment (2009-2011, %)



Analysis of Figure 3.12 above reveals that the share of employment by individual copyright industries and overall employment by these industries within Turkey's total employment did not change significantly over the years. Although the rates saw some minor changes, the changes remained insignificant, which leads to the conclusion that the employment contribution of the copyright industries to the total employment in Turkey remained almost constant in 2009, 2010 and 2011, and changes were not significant.

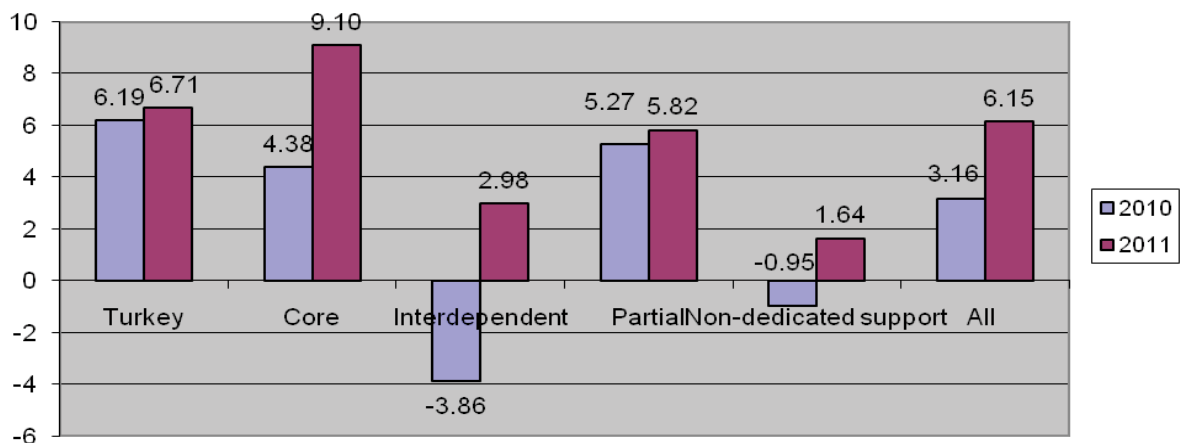
Figure 3-13: Employment Shares of Individual Copyright Industries in Overall Employment by Copyright Industries (2009-2011, %)



As indicated by Figure 3.13, the employment shares of the core, interdependent and partial copyright and non-dedicated support industries, within the overall employment by copyright industries, did not record any significant changes over the years studied and remained almost constant. Partial copyright industries had the highest employment rate among the copyright industries, due to their labor-intensive character.

Figure 3.14 below shows the employment increase rates in the copyright industries and the overall employment increase rate in Turkey for 2010 and 2011:

Figure 3-14: Employment Increase Rates in Copyright Industries and Employment Increase Rate in Turkey (2010 and 2011, %)



As shown in Figure 3.14, in 2010 the employment increases in the core and partial copyright industries were below the overall employment increase in Turkey. The rate of employment declined in the interdependent copyright industries and non-dedicated support industries in 2010. This situation complies with the capital-intensive character of the interdependent industries. The overall employment by all copyright industries remained significantly below the increase in Turkey's total employment in 2010. There was a significant employment increase in the core copyright industries in 2011, when these industries created numerous jobs. Employment also increased in the partial copyright industries, at almost the same rate in both 2010 and 2011. Although employment increased in the interdependent copyright industries in 2011, the increase rate remained low. The overall employment by all copyright industries in 2011 increased almost at the same rate of increase as Turkey's overall employment.

3.5 Economic Contribution of the Core Copyright Industries (2009-2011)

3.5.1 The Turnover Posted by Core Copyright Industries (2011)

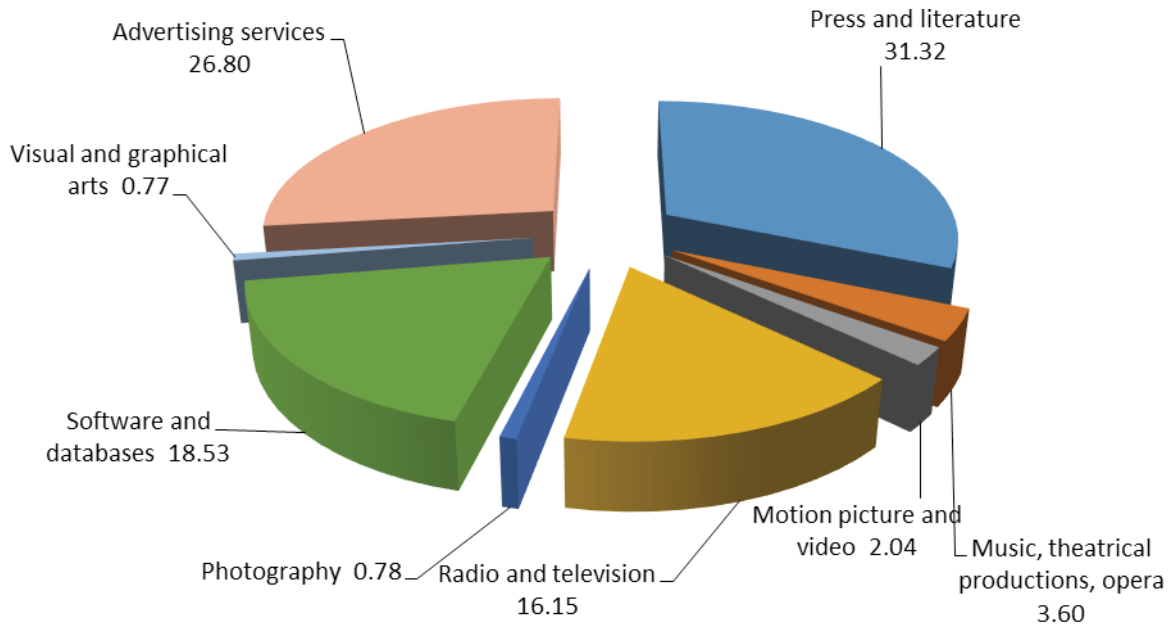
The core copyright industries posted a total turnover of 59,419,312,540 TL in 2011. This figure amounted to 30.13% of 197,235,775,754 TL, which was the total turnover posted by all copyright industries in 2011. Table 3.9 below shows the turnover of the core copyright industries in 2011:

Table 3-9: Turnover of Core Copyright Industries (2011)

Core Copyright Industries	Turnover (TL)
Press and literature	18,612,114,634
Music, theatrical productions and operas	2,137,600,031
Motion picture and video	1,212,613,088
Radio and television	9,598,567,422
Photography	462,899,967
Software and databases	11,012,426,480
Visual and graphical arts	460,402,237
Advertising services	15,922,688,681

Figure 3.15 below indicates the individual shares of turnover achieved by the core copyright industries in 2011, within the total turnover of core copyright industries:

Figure 3-15: Individual Shares of Turnover in the Core Copyright Industries (2011, %)



As shown in Figure 3.15, press and literature posted the highest turnover among the core copyright industries in 2011. In terms of the turnover posted, press and literature was followed by advertising services, software and databases, and radio and television respectively. Music, theatrical productions and operas followed these industries with its turnover. In 2011, software and databases and radio and television had comparable shares of turnover, within the overall turnover of core copyright industries.

3.5.2 Value Added Generated by the Core Copyright Industries (2011)

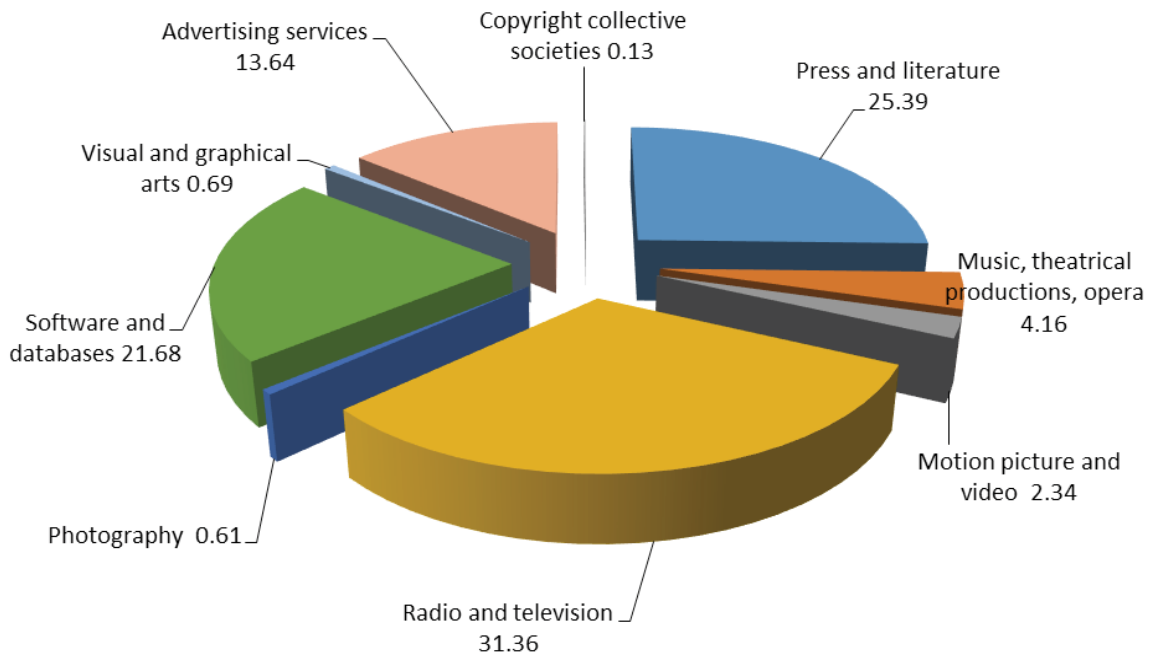
The added value generated by the core copyright industries accounted for 16,144,108,400 TL in 2011. With this figure, the core copyright industries represented 45.52% of 35,463,816,234 TL, which was the total value added generated by all copyright industries in that year. Table 3.10 below shows the value added generated by core copyright industries in 2011:

Table 3-10: Value Added Generated by Core Copyright Industries (2011)

Core Copyright Industries	Value Added (TL)
Press and literature	4,099,293,031
Music, theatrical productions and operas	671,126,711
Motion picture and video	378,556,631
Radio and television	5,062,319,043
Photography	97,749,598
Software and databases	3,500,751,632
Visual and graphical arts	111,127,076
Advertising services	2,201,517,928
Copyright collective societies	21,666,750

Figure 3.16 below shows the individual shares of value added generated by the core copyright industries in 2011, within the total value added generated by core copyright industries:

Figure 3-16: Individual Shares of Value Added Generated by Core Copyright Industries (2011, %)



As shown in Figure 3.16, the radio and television industry generated the highest value added among the core copyright industries in 2011, followed by press and literature, software and databases and then advertising services. The radio and television industry had the fourth largest share in the total turnover of core copyright industries in 2011, while it held the highest share in the total value added generated by core copyright industries in 2011. This situation underlines the position of the radio and television industry as a high value added sector. Motion picture and video, and music, theatrical productions and operas failed to record high figures either in turnover or value added.

3.5.3 Employment in Core Copyright Industries (2011)

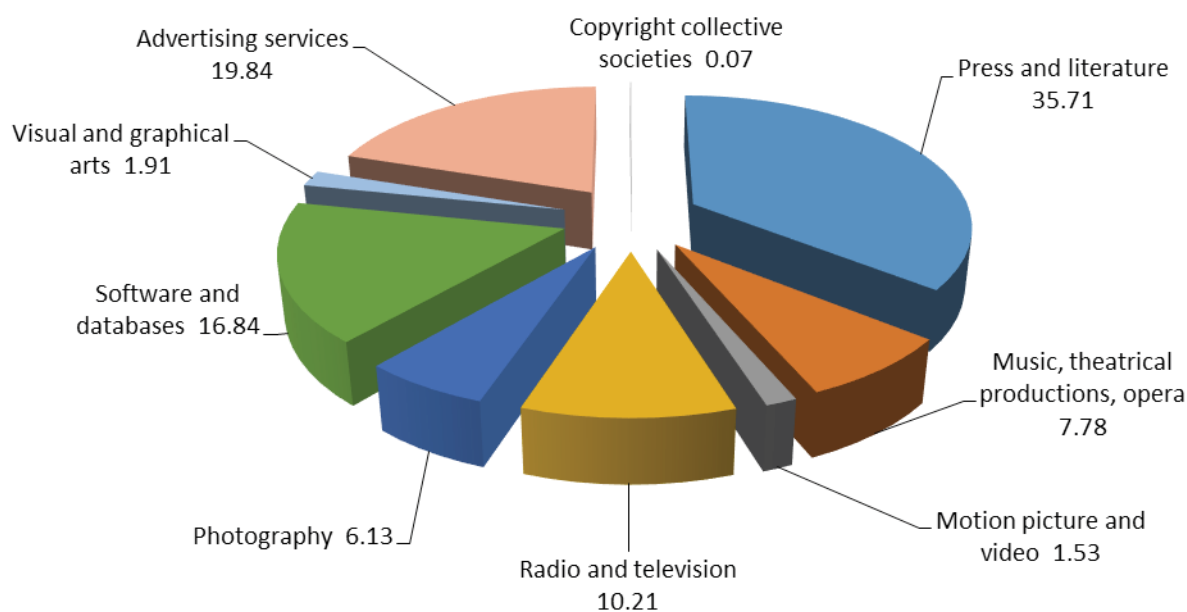
The core copyright industries employed 422,229 people in 2011. This figure accounted for 32.44% of the total employment in all copyright industries in 2011, which consisted of 1,301,527 people. Table 3.11 shows the number of people employed by core copyright industries:

Table 3-11: Employment in Core Copyright Industries (2011)

Core Copyright Industries	People Employed
Press and literature	150,764
Music, theatrical productions and operas	32,833
Motion picture and video	6,444
Radio and television	43,107
Photography	25,893
Software and databases	71,110
Visual and graphical arts	8046
Advertising services	83,752
Copyright collective societies	280

Figure 3.17 shows the individual employment shares of the core copyright industries, within the total employment in core copyright industries in 2011:

Figure 3-17: Individual Employment Shares of Core Copyright Industries (2011, %)



As shown in Figure 3.17, among core copyright industries in 2011, the highest rate of employment was recorded by press and literature. In respect of the number of people employed in 2011, press and literature was followed by advertising services along with software and databases. Radio and television followed these three industries in terms of employment. Although radio and television generated the highest value added among the core copyright industries in 2011, it ranked fourth in terms of people employed. This industry generated a very high value added by employing fewer people.

3.5.4 Trends in the Economic Contribution of Core Copyright Industries (2009-2011)

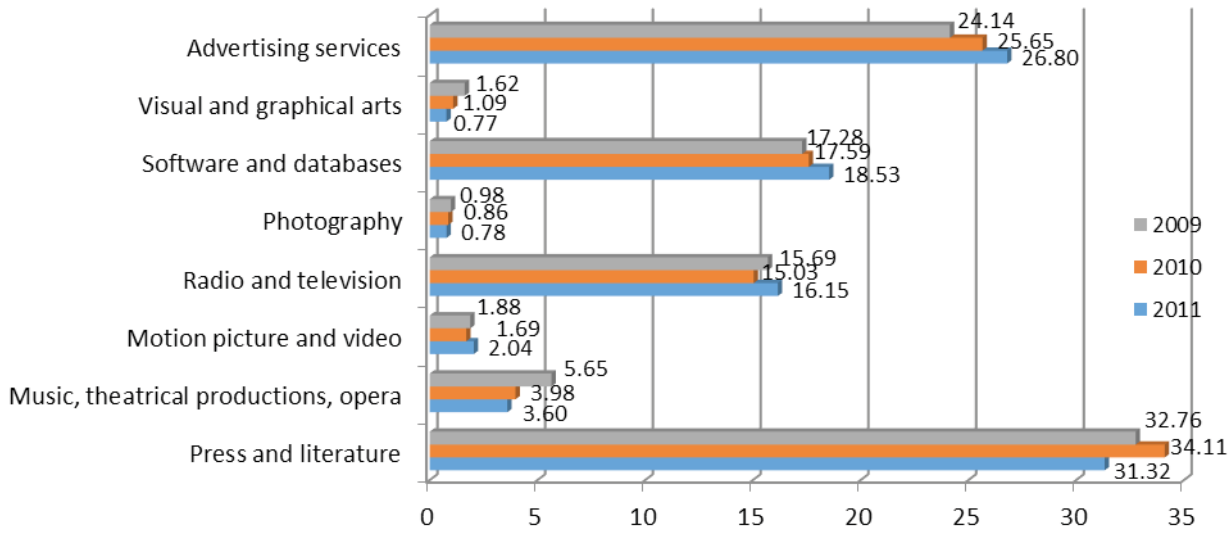
This section provides the economic size of core copyright industries in 2010 and 2009 to allow for comparison with the figures of 2011.

Table 3-12: The Economic Size of Core Copyright Industries (2009-2011 – At Current Prices)

Core Copyright Industries	Turnover (TL)			Value Added (TL)			Share in Core Copyright industries (%)			Share in Core Copyright industries (%)			People Employed			Share in Core Copyright industries (%)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Press and Literature	14,609,906,652	17,562,042,274	18,612,114,634	32.76	34.11	31.32	3,692,771,529	4,201,992,168	4,099,293,031	30.18	28.67	25.39	138,854	145,388	150,764	37.45	37.57	35.71
Music, theatrical productions and operas	2,518,879,656	2,048,517,625	2,137,600,031	5.65	3.98	3.60	754,421,386	719,594,184	671,126,711	6.17	4.91	4.16	35,001	30,072	32,833	9.44	7.77	7.78
Motion picture and video	838,715,865	872,610,375	1,212,613,088	1.88	1.69	2.04	185,028,564	233,348,882	378,556,631	1.51	1.59	2.34	4,010	4,331	6,444	1.08	1.12	1.53
Radio and television	6,997,566,558	7,740,643,591	9,598,567,422	15.69	15.03	16.15	3,372,758,895	4,307,918,363	5,062,319,043	27.57	29.40	31.36	35,202	36,624	43,107	9.49	9.46	10.21
Photography	436,674,675	441,463,150	462,899,967	0.98	0.86	0.78	106,604,804	84,249,509	97,749,598	0.87	0.57	0.61	25,476	25,853	25,893	6.87	6.68	6.13
Software and Databases	7,706,281,167	9,056,792,258	11,012,426,480	17.28	17.59	18.53	2,385,095,025	2,855,609,998	3,500,751,632	19.49	19.49	21.68	54,865	60,778	71,110	14.80	15.70	16.84
Visual and graphical arts	723,937,044	559,816,078	460,402,237	1.62	1.09	0.77	171,514,014	123,789,115	111,127,076	1.40	0.84	0.69	15,821	12,056	8046	4.27	3.12	1.91
Advertising Services	10,763,618,949	13,209,251,995	15,922,688,681	24.14	25.65	26.80	1,544,778,939	2,105,094,868	2,201,517,928	12.63	14.36	13.64	61,253	71,623	83,752	16.52	18.51	19.84
Copyright Collective Societies	N/A	N/A	N/A	N/A	N/A	N/A	21,576,265	23,154,275	21,666,750	0.18	0.16	0.13	297	295	280	0.08	0.08	0.07

Figure 3.18 shows the comparative turnover shares of the core copyright industries, within total turnover generated by core copyright industries, distributed by the years:

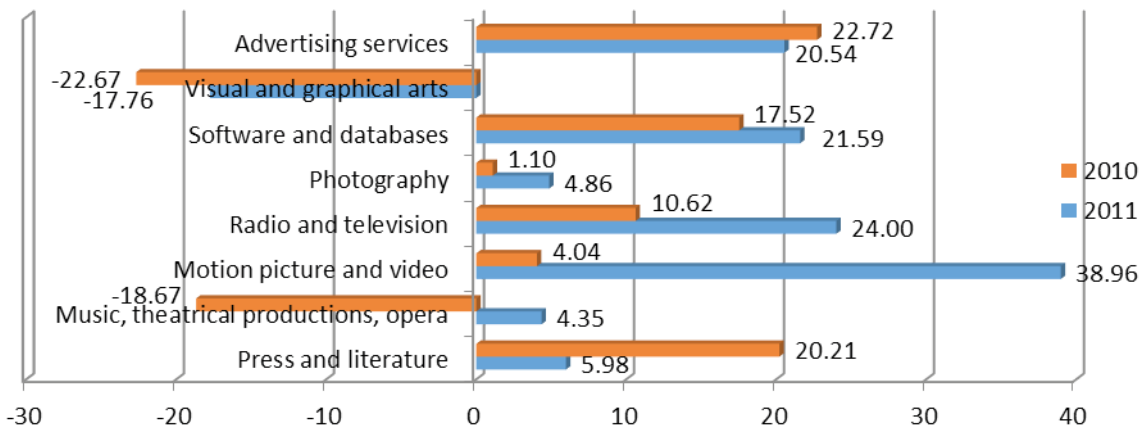
Figure 3-18: Turnover Shares of Core Copyright Industries (2009-2011, %)



Analysis of Figure 3.18 reveals that the individual turnover shares of the core copyright industries within the overall turnover generated by core copyright industries did not change significantly. The turnover shares of advertising services and software and databases showed an increasing trend within the total turnover of core copyright industries. The turnover shares of visual and graphical arts, photography, and music, theatrical productions and operas showed declining trends within the total turnover generated by core copyright industries. However, these increasing and decreasing trends remained insignificant.

Figure 3.19 below shows the turnover growth rates of core copyright industries in 2010 and 2011:

Figure 3-19: Turnover Growth Rates of Core Copyright Industries (2010 and 2011, %)

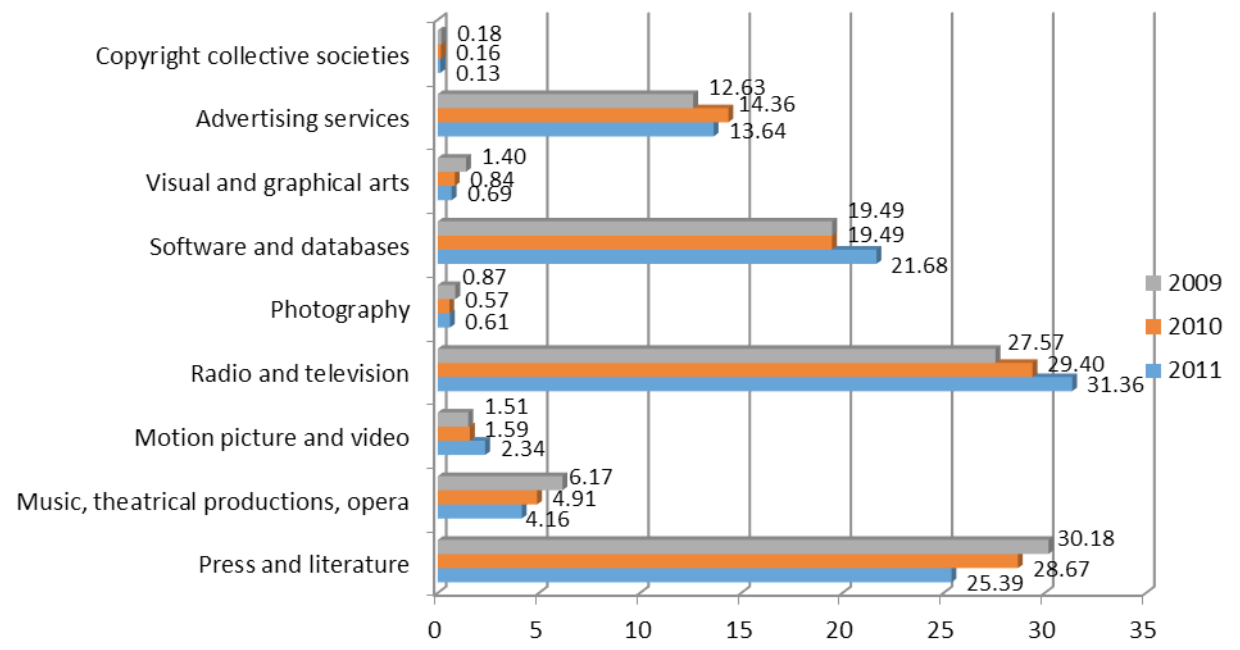


Analysis of Figure 3.19 reveals that press and literature; software and databases; photography; motion picture and video; radio and television; and advertising services increased their turnover in both years; especially, the advertising services and software and databases sectors recorded a substantial increase in their turnover in both years. The rates of increase in the turnover of both industries in 2010 and 2011 were significantly higher than inflation rates in the relevant years (6.40% and 10.45%, respectively). The rate of turnover increase recorded by radio and television also exceeded the rate of inflation in both years. The 2011 turnover increase was notably very high in the radio and television and motion picture and video sectors, which had a major breakthrough in 2011. Press and literature recorded a significant increase in turnover in 2010, but the rate of increase remained at a very low level in 2011. Photography increased its turnover in both years. However,

the rates of increase were very low and remained below the inflation rate in both years. Visual and graphical arts suffered a notable decline in both years. The music, theatrical productions and operas sector saw a major decline in its turnover in 2010, but the turnover increased in 2011. The turnover increase rate was not satisfactory in 2011 in this industry.

Figure 3.20 below shows the individual value added shares of core copyright industries, within the total value added generated by core copyright industries over the years studied:

Figure 3-20: Individual Value Added Shares of Core Copyright Industries within the Total Value Added Generated by Core Copyright Industries (2009-2011, %)

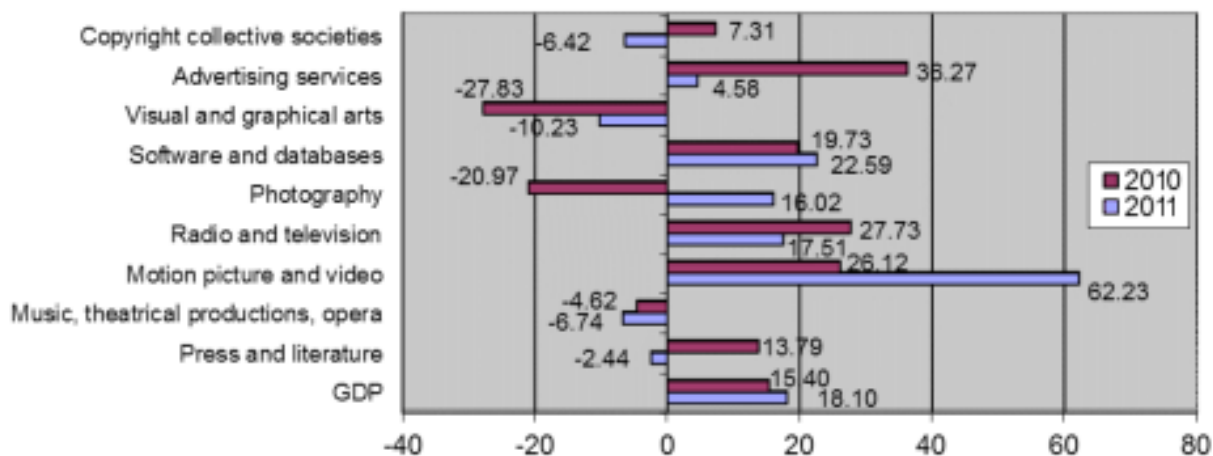


Analysis of Figure 3.20 reveals that the value added shares of visual and graphical arts; music, theatrical productions and operas; and press and literature, within the total value added of core copyright industries, showed a declining trend. The value added share of press and literature showed a notable declining trend, although the value added shares of software and databases, motion picture and video, and radio and television recorded an increasing trend within the total value added of core copyright industries. The value added share of motion picture and video and radio and television, within the total value added of core copyright industries, increased significantly.



Figure 3.21 below shows the value added growth rates of the core copyright industries (at current prices) and the GDP growth rates (at current prices) for 2010 and 2011:

Figure 3-21: Value Added Growth Rates of Core Copyright Industries and GDP Growth Rate at Current Prices (2010 and 2011, %)

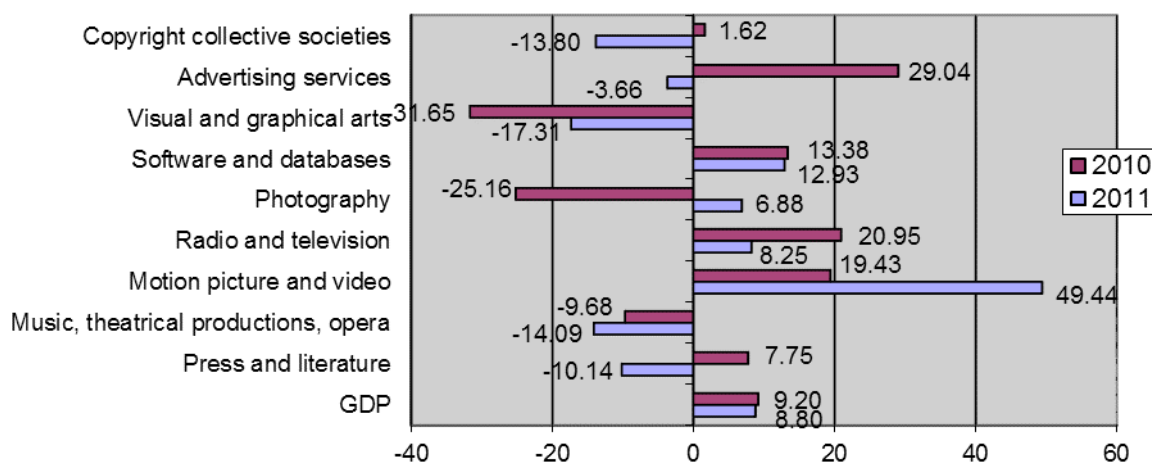


Analysis of Figure 3.21 reveals that the value added generated (at current prices) by software and databases, motion picture and video, and radio and television increased considerably in 2010 and 2011. However, the rate of value added increase recorded by radio and television in 2011 remained below the rate of increase in 2010 and it was also below the increase in GDP at current prices in 2011.

The increase in value added of the motion picture and video industry in 2011 is very striking. In our opinion, increases in employment and wages in this sector, along with increased copyright payments, contributed to this improvement. Also the share of the motion picture and video industry's value added in the total value added of core copyright industries is low, and this is why a relatively small absolute increase in value added of this sector leads to a high percentage increase. Although the value added of advertising services saw a substantial increase in 2010, it failed to record the same rate of increase in 2011. The value added of visual and graphical arts, and music, theatrical productions and operas declined in 2010 and 2011. Although the value added generated by photography suffered a very steep decline in 2010, it recovered in 2011 and recorded a considerable increase. The value added of press and literature increased at almost the same rate as that of GDP in 2010, but the value added declined comparatively in 2011.

Figure 3.22 below shows the value added growth rates of the core copyright industries (at fixed prices) and the GDP growth rate (at fixed prices) in 2010 and 2011:

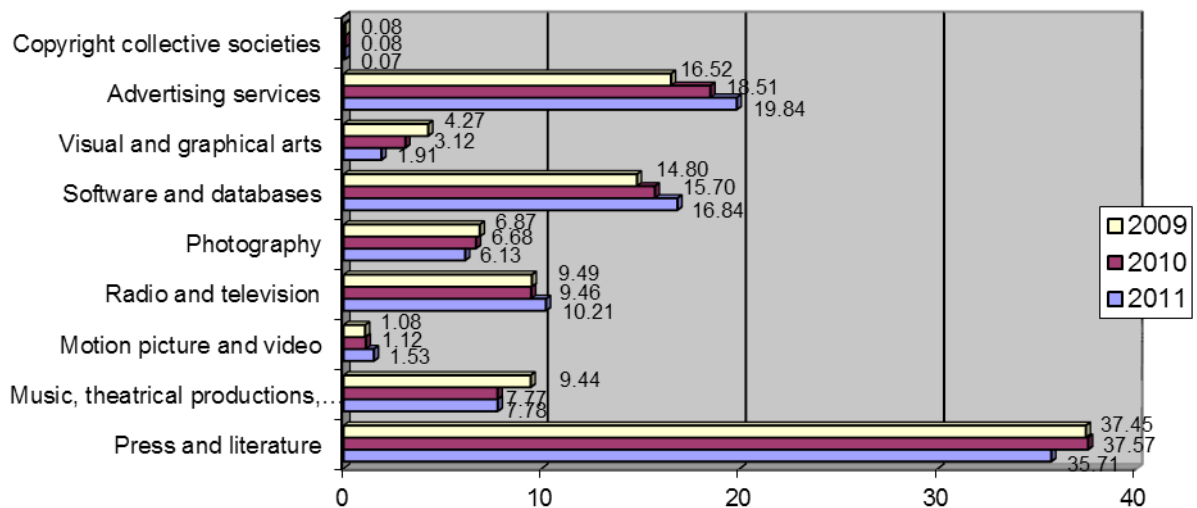
Figure 3-22: Value Added Growth Rates of Core Copyright Industries and GDP Growth Rate at Fixed Prices (2010 and 2011, %)



Analysis of Figure 3.22 reveals comparable results. The value added of software and databases, and motion picture and video at fixed prices in 2010 and 2011 increased at a rate higher than the GDP growth rate at fixed prices. The value added of radio and television increased at a rate higher than the increase of GDP at fixed prices in 2010, but the rate of increase in 2011 was almost the same as that of GDP. The value added of advertising services at fixed prices saw a major increase in 2010, but declined in 2011. The value added of photography saw a major decline in 2010, but in 2011 the value added increased at fixed prices. The value added of visual and graphical arts, and music, theatrical productions, operas declined at fixed prices in both years. The value added generated by press and literature increased at a rate comparable to GDP growth rate at fixed prices in 2010, but the value added at fixed prices declined considerably in 2011.

Figure 3.23 shows the employment shares of the core copyright industries, within the total employment in core copyright industries over 2009, 2010 and 2011:

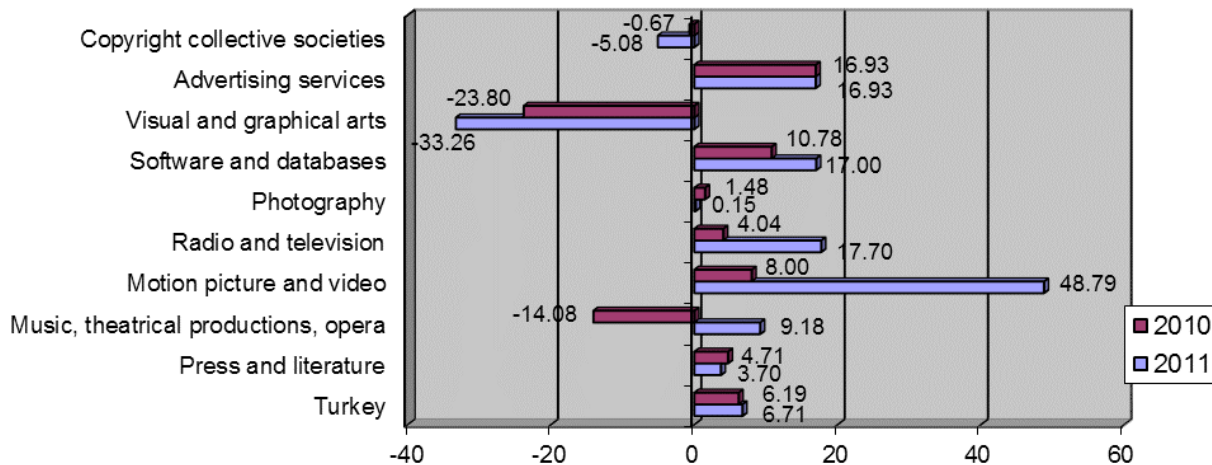
Figure 3-23: Employment Shares of Core Copyright Industries within Total Employment in Core Copyright Industries (2009-2011, %)



Analysis of Figure 3.23 reveals that the employment rates of core copyright industries within the overall employment in core copyright industries did not change significantly over the years. Advertising services and software and databases saw a remarkable increasing trend in their shares within the total employment of core copyright industries. The employment rate in motion picture and video, radio and television showed a slightly increasing trend. The employment rate of visual and graphical arts saw a noticeable declining trend, while the employment rates in press and literature, photography, and music, theatrical productions and operas showed a slightly declining trend within the total employment of core copyright industries.

Figure 3.24 below shows the rate of increase of employment in core copyright industries and the rate of increase in Turkey's employment for 2010 and 2011:

Figure 3-24: Rates of Increase in Employment in Core Copyright Industries and the Rate of Increase in Turkey's Employment (2010 and 2011, %)



Analysis of Figure 3.24 reveals a considerable increase in the number of people employed by advertising services and software and databases, over the years studied. Motion picture and video and radio and television experienced a slight increase in employment in 2010, while the increase in employment was sharper in 2011. Press and literature showed an increasing trend of employment over the years, although the increase rates remained below the employment increase rates in Turkey during the same years. Photography also experienced increasing employment rates, but rates of increase remained at very low levels. Visual and graphical arts saw sharp declines in employment over the years. Employment in music, theatrical productions and operas experienced a sharp decline in 2010, whereas employment in this sector increased at a rate higher than that of Turkey's overall employment in 2011.

3.6 Economic Contribution of Interdependent Copyright Industries (2009-2011)

3.6.1 Turnover Posted by Interdependent Copyright Industries (2011)

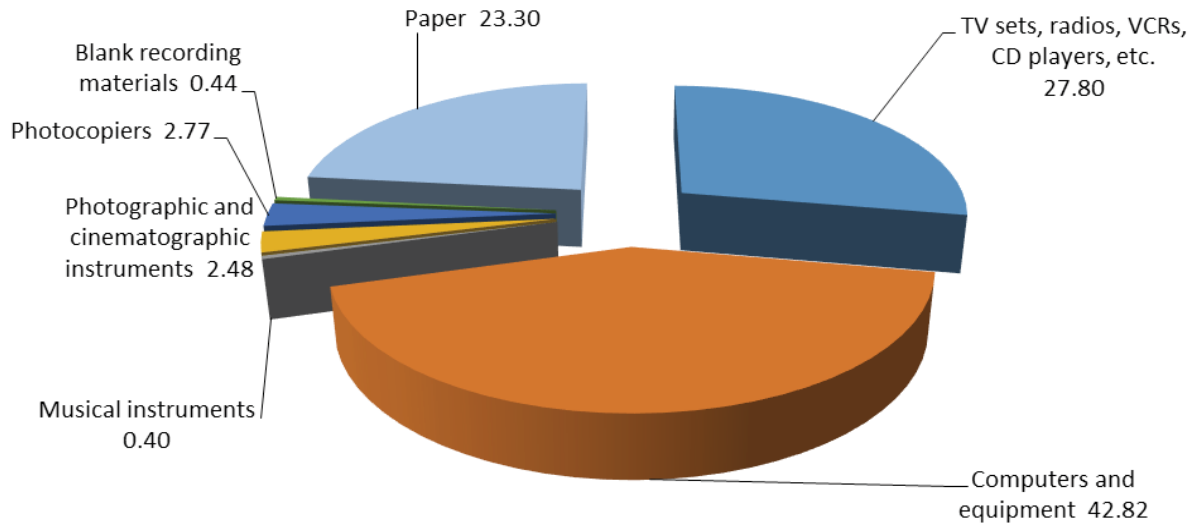
Interdependent copyright industries posted a turnover of 44,621,151,032 TL in 2011. This figure accounts for 22.62% of 197,235,775,754 TL, which was the total turnover posted by all copyright industries in 2011. Table 3.13 below shows the turnover of interdependent copyright industries in 2011:

Table 3-13: The Turnover of Interdependent Copyright Industries (2011)

Interdependent Copyright Industries	Turnover (TL)
TV sets, radios, VCRs and CD players etc.	12,403,625,837
Computers and equipment	19,105,611,484
Musical instruments	177,706,343
Photographic and cinematographic instruments	1,105,960,360
Photocopiers	1,234,665,918
Blank recording materials	196,074,940
Paper	10,397,506,150

Figure 3.25 below shows the turnover shares of interdependent copyright industries within the total turnover of interdependent copyright industries in 2011.

Figure 3-25: Turnover Shares of Interdependent Copyright Industries (2011, %)



As shown in Figure 3.25, computers and equipment, TV sets and radios, VCRs, CD players etc., and paper, respectively, had the highest turnover among the interdependent copyright industries. The total turnover of these three industries accounted for 93.92% of the total turnover of the interdependent copyright industries. These were followed by photocopiers, and photographic and cinematographic instruments, respectively. Computers and equipment had a relatively higher turnover within the overall turnover of interdependent copyright industries, which signaled the high demand for computers and equipment in Turkey. It was already stated in previous sections that the computer industry relied heavily on hardware in Turkey.

3.6.2 Value Added Generated by Interdependent Copyright Industries (2011)

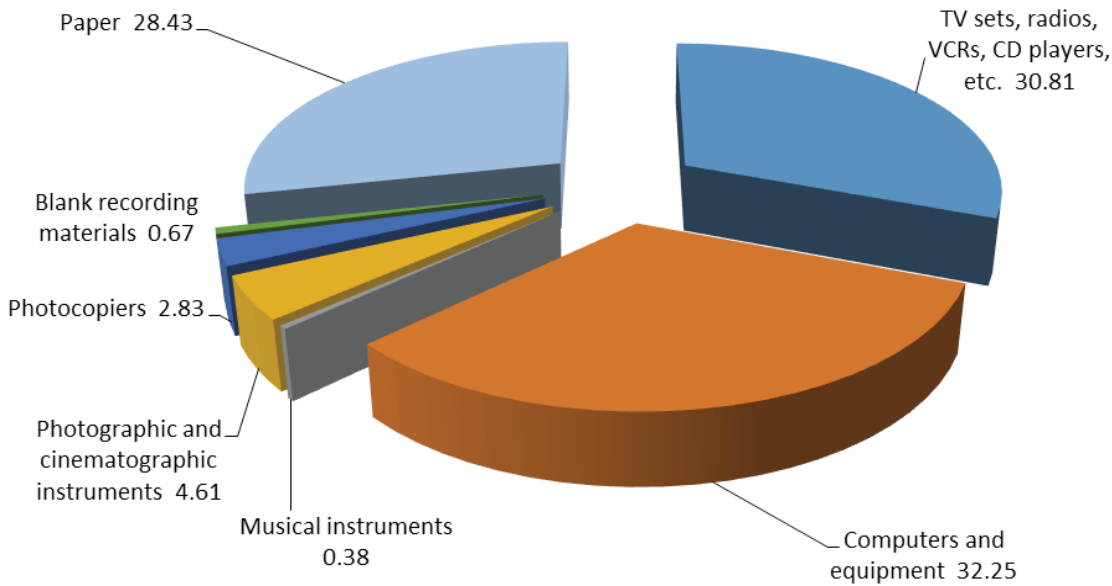
The interdependent copyright industries generated a value added of 5,065,810,051 TL in 2011. This figure accounted for 14.28% of the total value added generated by all copyright industries in 2011. Table 3.14 below shows the value added generated by the interdependent copyright industries in 2011.

Table 3-14: Value Added Generated by Interdependent Copyright Industries (2011)

Interdependent Copyright Industry	Value Added (TL)
TV sets, radios, VCRs and CD players etc.	1,560,874,399
Computers and equipment	1,633,800,119
Musical instruments	19,382,230
Photographic and cinematographic instruments	233,786,800
Photocopiers	143,561,740
Blank recording materials	34,039,312
Paper	1,440,365,452

Figure 3.26 below shows the value added shares of the interdependent copyright industries, within the total value added generated by interdependent copyright industries in 2011:

Figure 3-26: Value Added Shares of Interdependent Copyright Industries (2011, %)



As shown in Figure 3.26, computers and equipment; TV sets, radios, VCRs and CD players etc., and paper, respectively, had the highest shares in the total value added generated by interdependent copyright industries. This ranking is comparable to the turnover ranking. These three industries accounted for 91.50% of the total value added of interdependent copyright industries. These industries were followed by photographic and cinematographic instruments and photocopiers, respectively. As the figures suggest, photocopiers enjoyed a higher turnover, while photographic and cinematographic instruments enjoyed a higher share in the value added.

Yet another point to mention is the value added generated by computers and equipment, as well as TV sets, radios, VCRs and CD players, etc. Analyzing the turnover posted by these sectors within the interdependent copyright industries, one can observe that the share of computers and equipment is relatively higher. The difference of shares in value added is minor and both sectors enjoyed comparable shares in the total value added of interdependent copyright industries; with TV sets, radios, VCRs and CD players enjoying a higher value added compared to computers and equipment.

3.6.3 Employment in Interdependent Copyright Industries (2011)

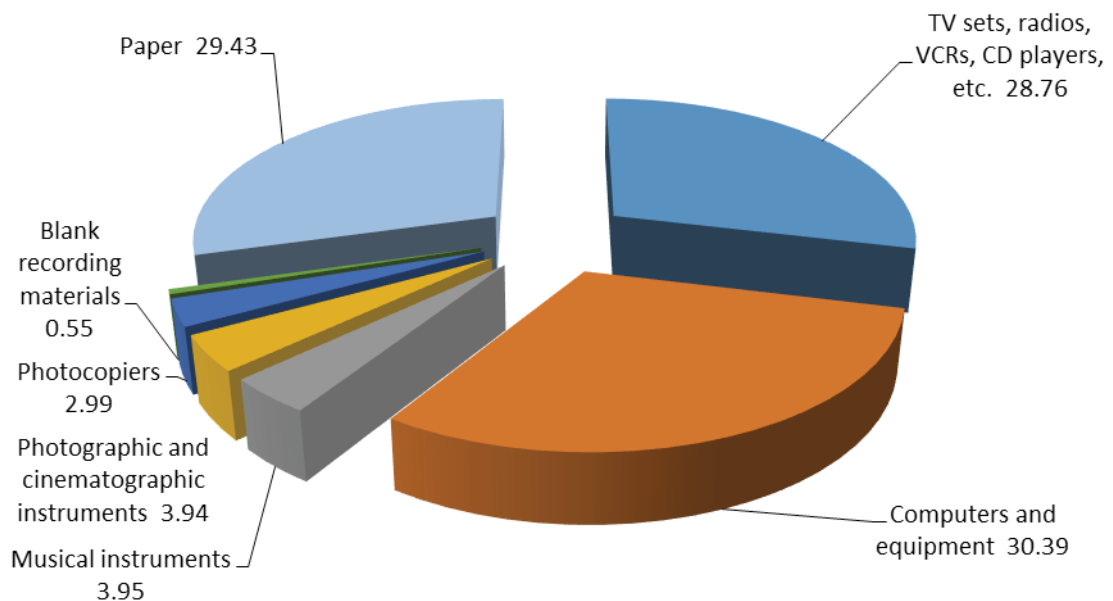
Interdependent copyright industries employed 172,491 people in 2011. This figure accounted for 13.25% of the total employment, which consisted of 1,301,527 people employed by all copyright industries in 2011. Table 3.15 below shows the people employed by interdependent copyright industries in 2011:

Table 3-15: Employment Created by Interdependent Copyright Industries (2011)

Interdependent Copyright Industry	Employment
TV sets, radios, VCR and CD players, etc.	49,604
Computers and equipment	52,422
Musical instruments	6,812
Photographic and cinematographic instruments	6,802
Photocopiers	5,151
Blank recording materials	943
Paper	50,757

Figure 3.27 below shows the shares of the volume of employment created by the interdependent copyright industries in 2011, within the total employment created by the interdependent copyright industries:

Figure 3-27: Employment Shares of the Interdependent Copyright Industries (2011, %)



As can be seen from Figure 3.27, among the interdependent copyright industries in 2011 the highest number of persons were employed by the computer and equipment industry, followed by the industries of paper, and TV sets, radios, VCR and CD players, etc. The shares of these three sectors in the total employment created by the interdependent copyright industries were very close to one another. Overall, these three sectors jointly accounted for 88.57% of the employment created by the interdependent copyright industries.

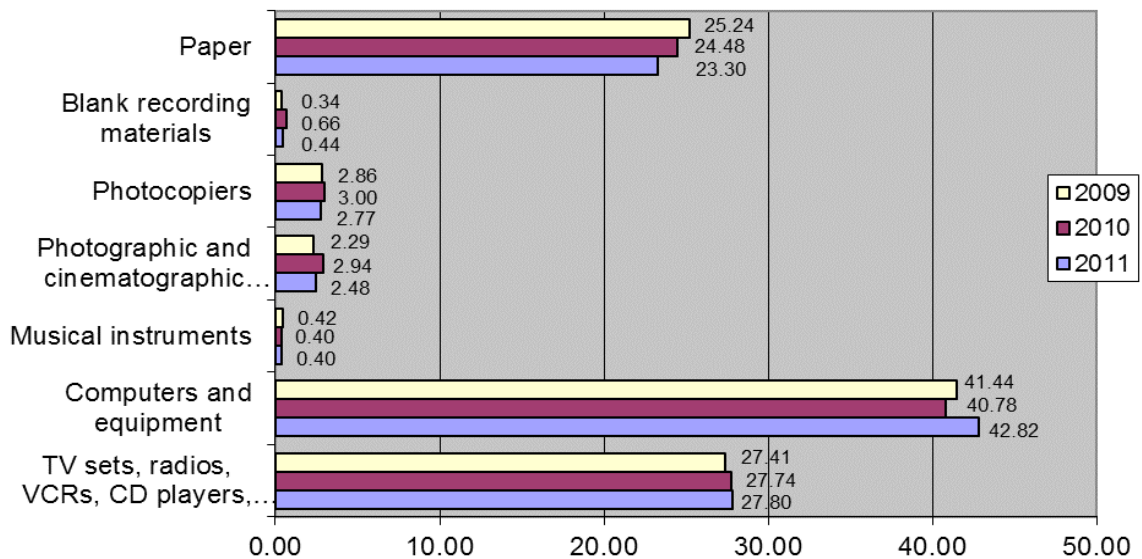
3.6.4 Trends in the Economic Contribution of the Interdependent Copyright Industries (2009-2011)

This section presents the economic sizes of the interdependent copyright industries in 2010 and 2009, in order to compare those years with 2011.

Table 3-16: Economic Sizes of the Interdependent Copyright Industries (2009-2011 – At Current Prices)

Interdependent Copyright Industries	Turnover (TL)			Share in interdependent Copyright industries (%)			Value Added (TL)			Share in interdependent Copyright industries (%)			Employment			Share in interdependent Copyright industries (%)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
TV Sets, Radios, VCRs and CD Players etc.	9,306,927,613	10,074,992,248	12,403,625,837	27.41	27.74	27.80	1,381,350,104	1,248,196,623	1,560,874,399	33.82	29.66	30.81	52,294	50,325	49,604	30.02	30.05	28.76
Computers and Equipment	14,072,424,948	14,810,318,463	19,105,611,484	41.44	40.78	42.82	1,285,844,450	1,355,844,742	1,633,800,119	31.48	32.22	32.25	49,597	50,734	52,422	28.47	30.29	30.39
Musical Instruments	141,335,142	146,486,599	177,706,343	0.42	0.40	0.40	17,603,786	18,998,597	19,382,230	0.43	0.45	0.38	5,630	5,869	6,812	3.23	3.50	3.95
Photographic and Cinematographic Instruments	777,210,151	1,066,192,520	1,105,960,360	2.29	2.94	2.48	172,200,315	212,790,203	233,786,800	4.22	5.06	4.61	5,691	6,965	6,802	3.27	4.16	3.94
Photocopiers	971,841,436	1,089,159,999	1,234,665,918	2.86	3.00	2.77	117,523,424	137,087,797	143,561,740	2.88	3.26	2.83	4,531	4,347	5,151	2.60	2.60	2.99
Blank Recording Materials	117,109,299	239,096,576	196,074,940	0.34	0.66	0.44	25,268,122	51,712,506	34,039,312	0.62	1.23	0.67	612	1,168	943	0.35	0.70	0.55
Paper	8,572,874,973	8,889,708,163	10,397,506,150	25.24	24.48	23.30	1,084,325,846	1,184,008,785	1,440,365,452	26.55	28.13	28.43	55,867	48,084	50,757	32.07	28.71	29.43

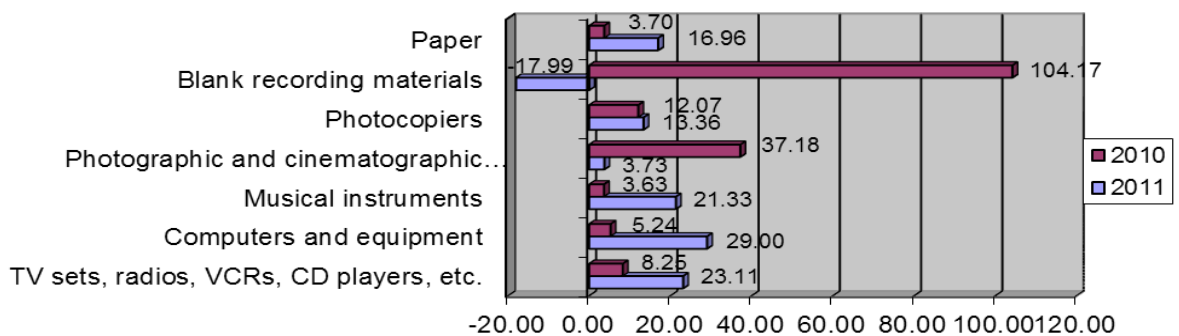
Figure 3-28: Turnover Shares of the Interdependent Copyright Industries (2009:2011, %)



An analysis of Figure 3.28 indicates that the turnover shares of the various interdependent copyright industries within the total turnover of the interdependent copyright industries did not change significantly over time. There was a downward trend in the turnover share of the paper industry; however, this trend was not so remarkable. Likewise, there was an upward trend in the turnover share of the TV sets and radios, VCR and CD players, etc. sector in the total turnover of the interdependent copyright industries, and again this trend was a very minor one.

Figure 3.29 below shows the turnover growth rates of the interdependent copyright industries in 2010 and 2011:

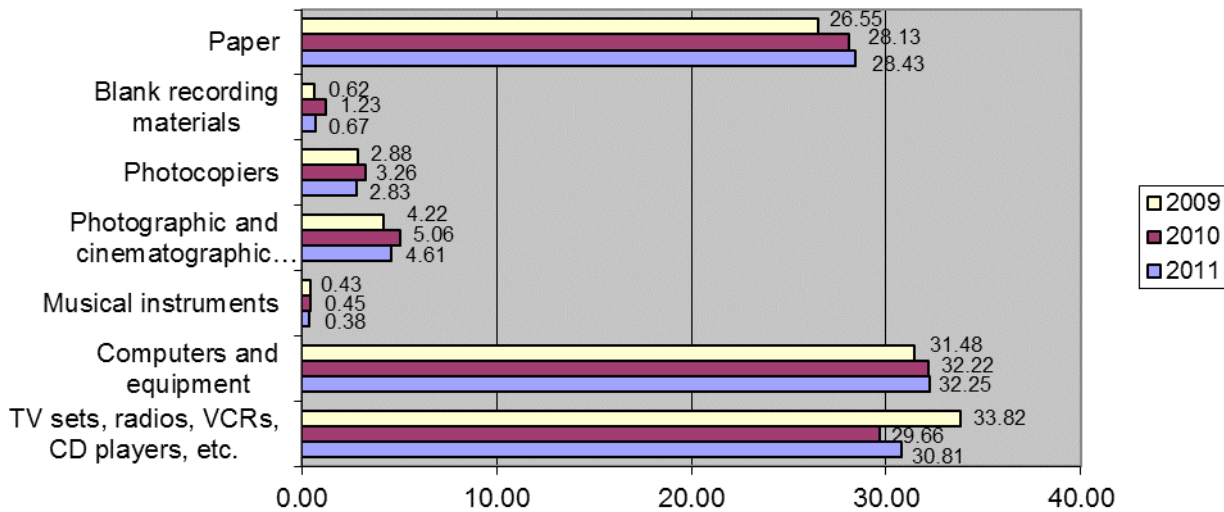
Figure 3-29: Turnover Growth Rates of the Interdependent Copyright Industries (2010 and 2011, %)



As shown in Figure 3.29, the increase in the turnover of the interdependent copyright industries was very low in 2010. The increase rate of the turnover figures was below the inflation rate in 2010 (6.40%) in the industries of paper; musical instruments; and computers and equipment. The turnover of the photocopiers; photographic and cinematographic instruments; and TV sets and radios, VCR and CD players, etc. sectors increased above inflation rate in 2010. On the other hand, the turnovers of the interdependent copyright industries increased significantly in 2011. The turnovers of these industries increased above the inflation rate (10.25%) in general. The most striking industry regarding the turnover increase was blank recording materials and photographic and cinematographic instruments in 2010; however, although the turnover of blank recording materials increased remarkably in 2010, it declined in 2011 compared to 2010. The turnover of the photographic and cinematographic instruments industry increased with a high rate in 2010, whereas the increase rate was very low in 2011.

Figure 3.30 below shows the value added shares of the interdependent copyright industries, by years, within in the total value added generated by the interdependent copyright industries:

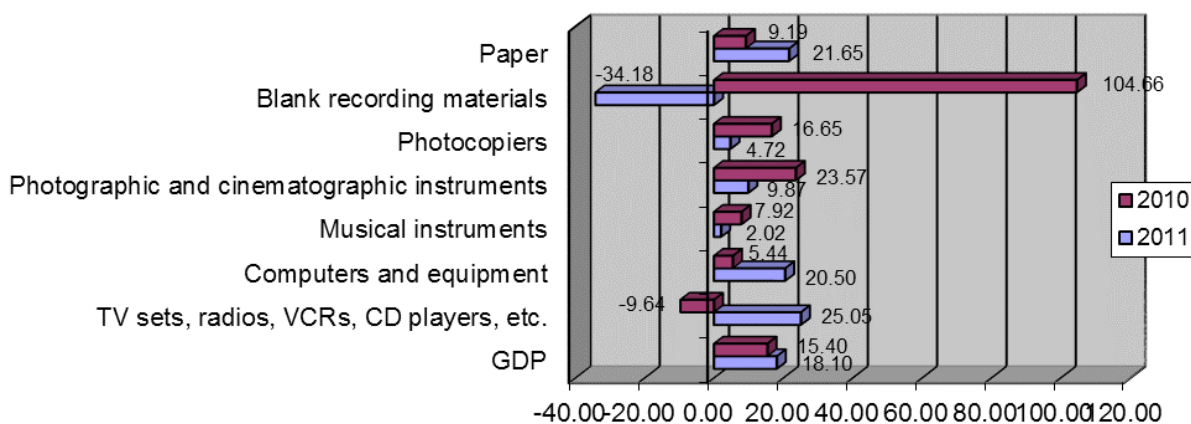
Figure 3-30: Value Added Shares of the Interdependent Copyright Industries in the Total Value Added Generated by the Interdependent Copyright Industries (2009-2011, %)



An analysis of Figure 3.30 shows that the value added shares of the different interdependent copyright industries within the total value added generated by the interdependent copyright industries did not change remarkably over time. There was a very low increase trend in the value added shares of the paper and computers and equipment industries in the total value added of the interdependent copyright industries; but this increase trend was not remarkable considering the increase rate.

Figure 3.31 below shows the value added growth rates of the interdependent copyright industries (at current prices) and the growth rate of GDP (at current prices) in 2010 and 2011:

Figure 3-31: Value Added Growth Rates of the Interdependent Copyright Industries and GDP at Current Prices (2010 and 2011, %)

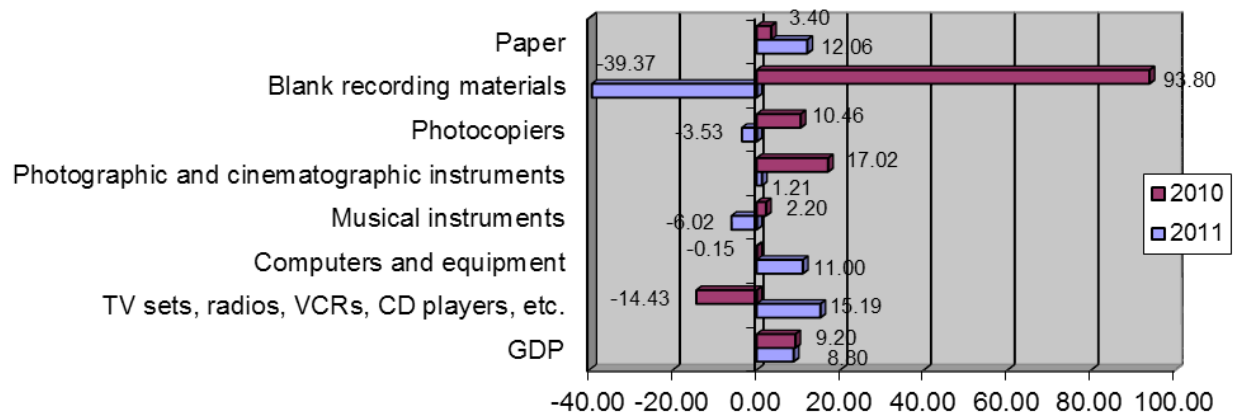


An analysis of Figure 3.31 indicates that in 2010 there was an increase in the value added of paper; blank recording materials; photocopiers; photographic and cinematographic instruments; musical instruments, and computers and equipment industries. The increase in the value added of blank recording materials; photocopiers; photographic and cinematographic instruments was above the growth rate in GDP at current prices. The value added of the sector making TV sets and radios and VCR and CD players, etc. decreased in 2010. The value added of these industries increased in 2011, except for blank recording materials. The value added of the industries of paper, computers and equipment, and TV sets and radios, VCR and CD players,

etc. increased above the growth rate in GDP at current prices in 2011. There was a considerable decline in the value added of blank recording materials industry in 2011.

Figure 3.32 below shows the value added growth rates of the interdependent copyright industries (at fixed prices) and growth rate of GDP (at fixed prices) in 2010 and 2011:

Figure 3-32: Value Added Growth Rates of the Interdependent Copyright Industries and GDP at Fixed Prices (2010 and 2011, %)

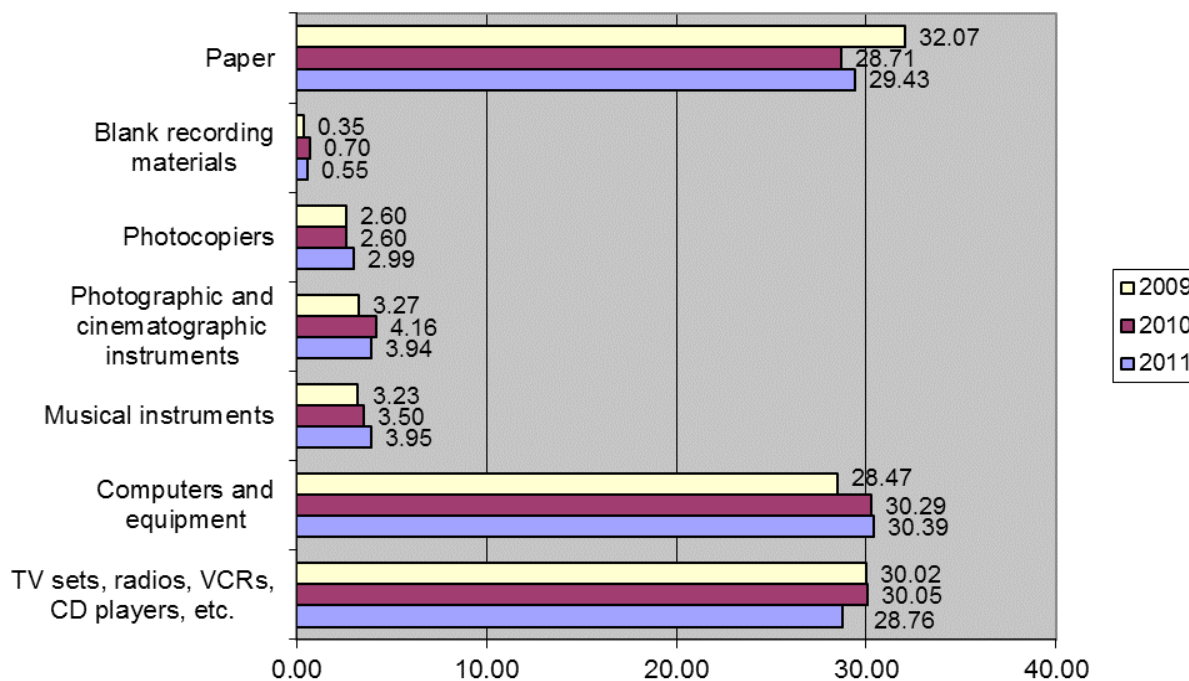


An analysis of Figure 3.32 shows that the value added of paper; blank recording materials; photocopiers; photographic and cinematographic instruments, and musical instruments increased at fixed prices in 2010. There was a negligible decrease in the value added of computers and equipment at fixed prices in 2010, but there was a remarkable decrease in the value added of TV sets and radios, VCR and CD players, etc. in 2010. However, the value added of the paper; computers and equipment, and TV sets and radios, VCR and CD players, etc. industries increased at fixed prices above the growth rate in GDP at fixed prices in 2011. There was also an increase in the value added of photographic and cinematographic instruments at fixed prices in 2011; but this increase remained below the growth in GDP at fixed prices. The value added of blank recording materials, and photocopiers and musical instruments, at fixed prices declined in 2011.

There was a very high increase in the turnover and value added (both current and fixed prices) of the blank recording materials industry in 2010, compared to a very high drop in 2011. Because both turnover and value added shares of this industry were very low in the total turnover and value added of the interdependent copyright industries, this increase and decrease did not create any major impact.

Figure 3.33 below shows the employment shares of the interdependent copyright industries within the total employment created by the interdependent copyright industries in 2009, 2010 and 2011:

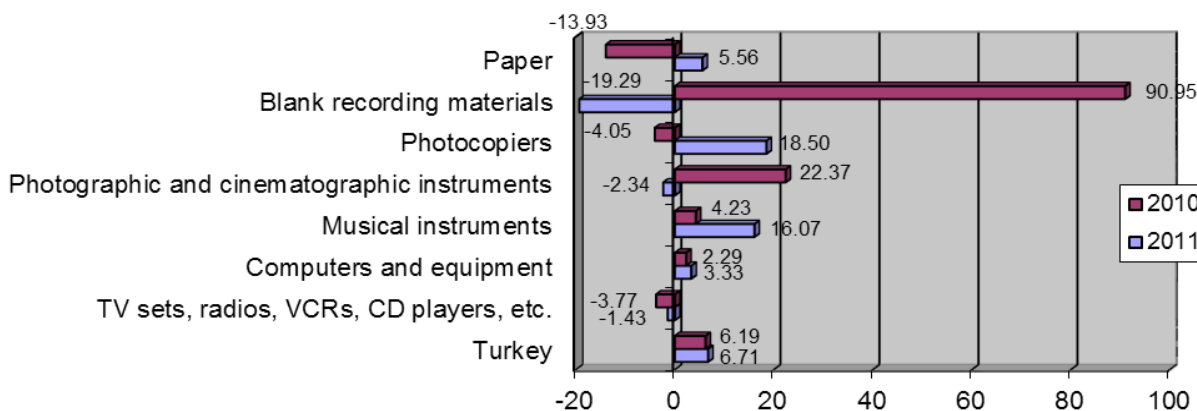
Figure 3-33: Employment Shares of the Interdependent Copyright Industries in Total Employment (2009-2011, %)



An analysis of Figure 3.33 indicates that the employment shares of the various interdependent copyright industries in the total employment created by the combined interdependent copyright industries did not change remarkably over time. There was a very low level of increase trend in the employment shares of the industries of photocopiers, musical instruments, and computers and equipment, but this trend was minor and negligible.

Figure 3.34 below shows the rates of increase of the employment created by the interdependent copyright industries and total employment increase rate in Turkey in 2010 and 2011:

Figure 3-34: Rate of Increase of the Employment Created by the Interdependent Copyright Industries and of Turkey's Total Employment (2010 and 2011, %)



An analysis of Figure 3.34 shows that there was a noteworthy increase only in the employment share of the blank recording materials, and photographic and cinematographic instruments industries in 2010. The employment created by musical instruments and computers and equipment also increased in 2010; however, the increase rates were very low. There was a decrease in the employment created by other industries while

there was an increase in the employment created by the interdependent copyright industries, except for TV sets and radios, VCR and CD players, etc., and blank recording materials, in 2011. There was a considerable employment increase in the photocopiers and musical instruments industries in 2011. The reason why there was a low level of employment increase in the computers and equipment industry in both years and a decrease in the employment created by the TV sets and radios, VCR and CD players, etc. industry in both years was because these industries are capital-intensive.

3.7 Economic Contribution of Partial Copyright Industries (2009-2011)

3.7.1 Turnover Posted by the Partial Copyright Industries (2011)

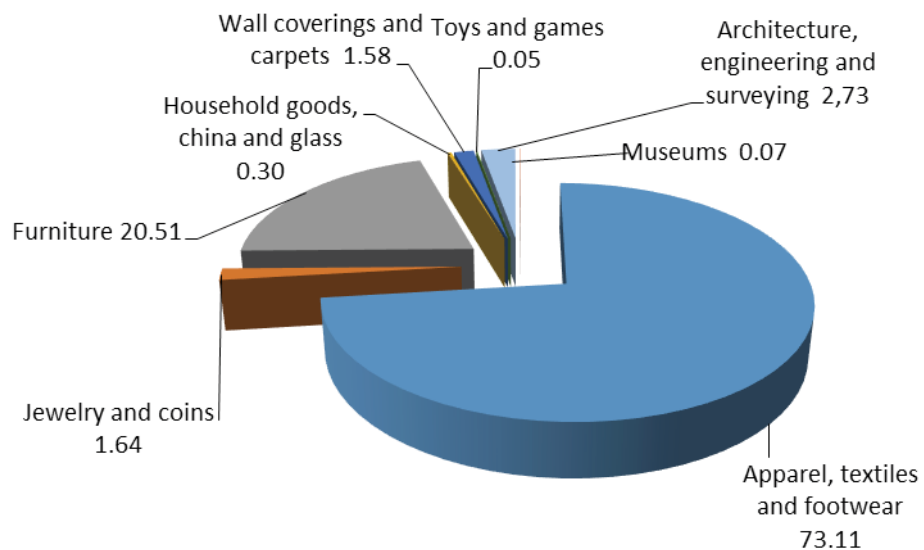
The partial copyright industries posted a turnover of 72,791,767,554 TL in 2011 (considering the copyright factors). This figure accounted for 36.91% of the total turnover of 197,235,775,754 TL that was generated by all the copyright industries in 2011. Table 3.17 below shows the turnovers of the partial copyright industries in 2011.

Table 3-17: Turnover of the Partial Copyright Industries (2011)

Partial Copyright Industry	Turnover-TL (without applying the copyright factors)	Turnover-TL (applying the copyright factors)
Apparel, textiles and footwear	212,886,782,065	53,221,695,516
Jewelry and coins	17,018,618,817	1,191,303,317
Furniture	33.174.078.387	14,928,335,274
Household goods, china and glass	21,722,653,956	217,226,540
Wall coverings and carpets	11,506,969,043	1,150,696,904
Toys and games	1,330,966,034	39,928,981
Architecture, engineering and surveying	7,958,038,058	1,989,509,515
Museums	265,357,533	53,071,507

Figure 3.35 below shows the turnover shares of the partial copyright industries in 2011 within the total turnover of partial copyright industries.

Figure 3-35: Turnover Shares of the Partial Copyright Industries (2011, %)



As can be seen from Figure 3.35, apparel, textiles and footwear have a very important share in the turnover of the partial copyright industries. The same industries also hold an important position in Turkey's economy. The apparel, textiles and footwear industries are followed by furniture in terms of turnover among the partial copyright industries. These two sectors account for 93.62% of the total turnover of the partial copyright industries. The copyright factors of both sectors are relatively higher.

3.7.2 Added Value Generated by the Partial Copyright Industries (2011)

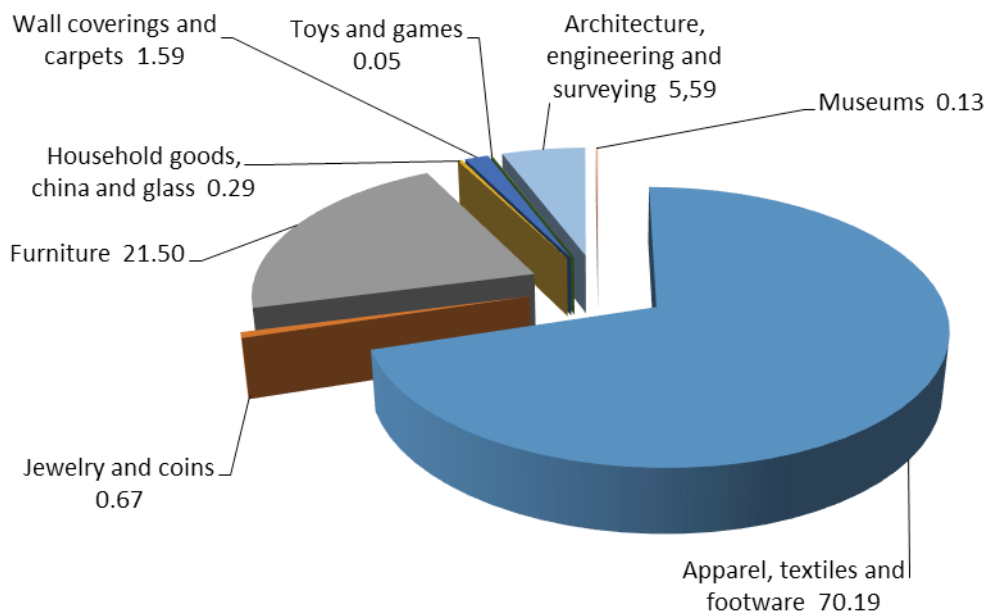
The partial copyright industries generated a value added of 11,691,522,839 TL in 2011 (considering the copyright factors). The share of this value added generated by the partial copyright industries in the total value added of 35,463,816,234 TL generated by all the copyright industries in 2011 was 32.97%. Table 3.18 below shows the value added generated by the partial copyright industries in 2011.

Table 3-18: Value Added of the Partial Copyright Industries (2011)

Partial Copyright Industry	Value Added-TL (without applying copyright factors)	Value Added-TL (applying copyright factors)
Apparels, textiles and footwear	32,825,741,923	8,206,435,481
Jewelry and coins	1,123,682,995	78,657,810
Furniture	5,584,810,274	2,513,164,623
Household goods, china and glass	3,337,515,269	33,375,153
Wall coverings and carpets	1,854,834,445	185,483,444
Toys and games	194,536,788	5,836,104
Architecture, engineering and surveying	2,612,534,942	653,133,736
Museums	77,182,446	15,436,489

Figure 3.36 below shows the shares of the partial copyright industries in the total value added generated in 2011 by the partial copyright industries.

Figure 3-36: Value Added Shares of the Partial Copyright Industries (2011, %)



An analysis of Figure 3.36 shows a similar case as in the turnover graph. The apparel, textiles and footwear industries had by far the highest value added share in the total value added generated by the partial copyright industries, followed by the furniture industry. These two sectors accounted for 91.96% of the total value added generated by the partial copyright industries. The turnover share of the architecture, engineering and surveying industry in the total turnover of the partial copyright industries was 2.73%. The value added share of this industry in the total value added of the partial copyright industries was 5.59%, showing that this sector had a high value added. A similar case was also observed in the jewelry and coins industry, which had a share of 1.64% in the total turnover of the partial copyright industries. However, the value added share of this industry in the total value added of the partial copyright industries was 0.67%, showing that this industry had a low value added.

3.7.3 Employment Created by the Partial Copyright Industries (2011)

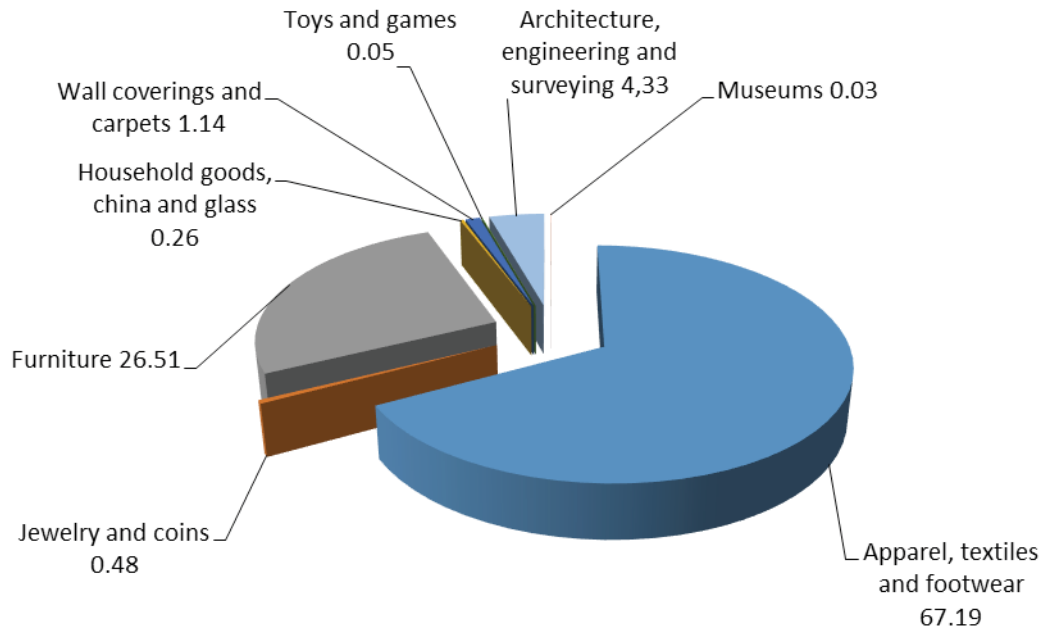
The partial copyright industries employed 611,174 persons in 2011 (considering the copyright factors). This employment volume accounted for 46.96% of the total employment of 1,301,527 persons in all copyright industries in 2011. Table 3.19 below shows the employment created by the partial copyright industries in 2011.

Table 3-19: Employment Created by the Partial Copyright Industries (2011)

Partial Copyright Industry	Employment (without applying copyright factors)	Employment (applying copyright factors)
Apparels, textiles and footwear	1,642,638	410,659
Jewelry and coins	42,244	2,957
Furniture	360,028	162,013
Household goods, china and glass	158,270	1,583
Wall coverings and carpets	69,801	6,980
Toys and games	11,140	334
Architecture, engineering and surveying	105,846	26,462
Museums	934	187

Figure 3.37 below shows the employment shares of the various partial copyright industries in the total employment created by the partial copyright industries in 2011:

Figure 3-37: Employment Shares of the Partial Copyright Industries (2011, %)



An analysis of Figure 3.37 shows that the apparel, textiles and footwear sector has by far the highest employment share among the partial copyright industries, followed by the furniture industry. The total employment created by both sectors had a share of 93.70% in the total employment created by the partial copyright industries. These two sectors were followed by architecture, engineering and surveying.

3.7.4 Trend in the Economic Contribution of the Partial Copyright Industries (2009-2011)

This section presents the economic sizes of the partial copyright industries in 2010 and 2009 (considering the copyright factors), to compare with 2011.

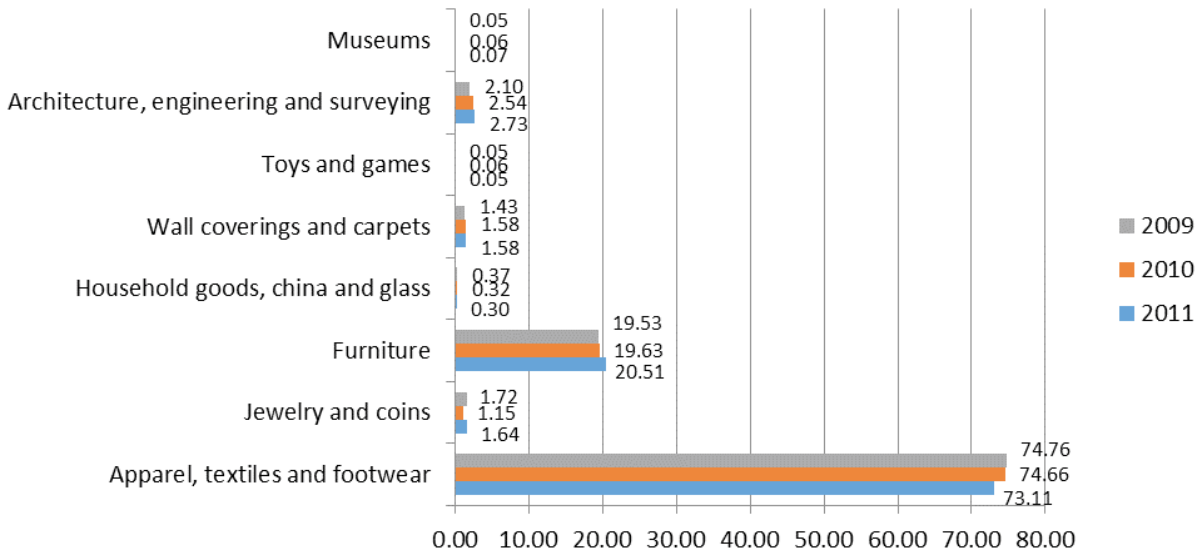
Table 3-20: Economic Sizes of the Partial Copyright Industries (2009-2011 – At Current Prices)*

Partial Industries	Turnover (TL)			Share in partial Copyright industries (%)			Value Added (TL)			Share in partial Copyright industries (%)			Employment			Share in partial Copyright industries (%)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Apparel's, textiles and footwear	42,555,364,547	46,007,213,576	53,221,695,516	74.76	74.66	73.11	5,963,519,183	6,664,710,755	8,206,435,481	69.84	68.72	70.19	377,997	395,091	410,659	68.89	68.40	67.19
Jewelry and coins	977,662,962	711,197,316	1,191,303,317	1.72	1.15	1.64	79,349,110	59,086,488	78,657,810	0.93	0.61	0.67	2,584	2,607	2,957	0.47	0.45	0.48
Furniture	11,116,268,210	12,096,490,886	14,928,335,274	19.53	19.63	20.51	1,898,949,673	2,190,625,425	2,513,164,623	22.24	22.59	21.50	139,942	148,197	162,013	25.51	25.66	26.51
Household goods, china and glass	210,370,970	196,356,313	217,226,540	0.37	0.32	0.30	31,101,277	32,823,512	33,375,153	0.36	0.34	0.29	1,594	1,511	1,583	0.29	0.26	0.26
Wall coverings and carpets	811,820,569	974,719,159	1,150,696,904	1.43	1.58	1.58	126,719,417	147,903,221	185,483,444	1.48	1.52	1.59	6,543	6,261	6,980	1.19	1.08	1.14
Toys and games	28,877,515	35,109,960	39,928,981	0.05	0.06	0.05	3,198,798	4,002,397	5,836,104	0.04	0.04	0.05	284	337	334	0.05	0.06	0.05
Architecture, engineering and surveying	1,192,814,597	1,566,109,365	1,989,509,515	2.10	2.54	2.73	423,116,322	587,057,506	653,133,736	4.96	6.05	5.59	19,497	23,365	26,462	3.55	4.05	4.33
Museums	31,248,888	36,304,418	53,071,507	0.05	0.06	0.07	12,272,470	12,805,925	15,436,489	0.14	0.13	0.13	217	209	187	0.04	0.04	0.03

* Copyright factors are applied.

Figure 3.38 below shows the turnover shares of the partial copyright industries, by years, within the total turnover of the partial copyright industries:

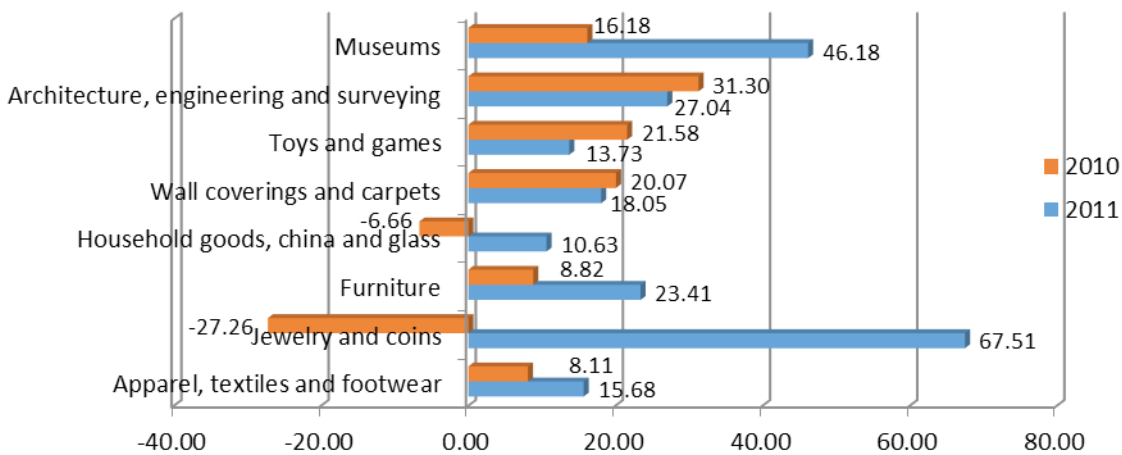
Figure 3-38: Turnover Shares of the Partial Copyright Industries (2009-2011, %)



An analysis of Figure 3.38 shows that there was no major change in the turnover shares of the partial copyright industries in the total turnover of the partial copyright industries across the years studied. There was a very low level of decrease in the turnover shares of the apparel, textiles and footwear, and household goods, china and glass industries; this downward trend is negligible. There was a very low level of increase in the turnover shares of museums, architecture, engineering and surveying, and the furniture industry in the total turnover of the partial copyright industries. This increase trend is also negligible.

Figure 3.39 below shows the turnover growth rates of the partial copyright industries in 2010 and 2011.

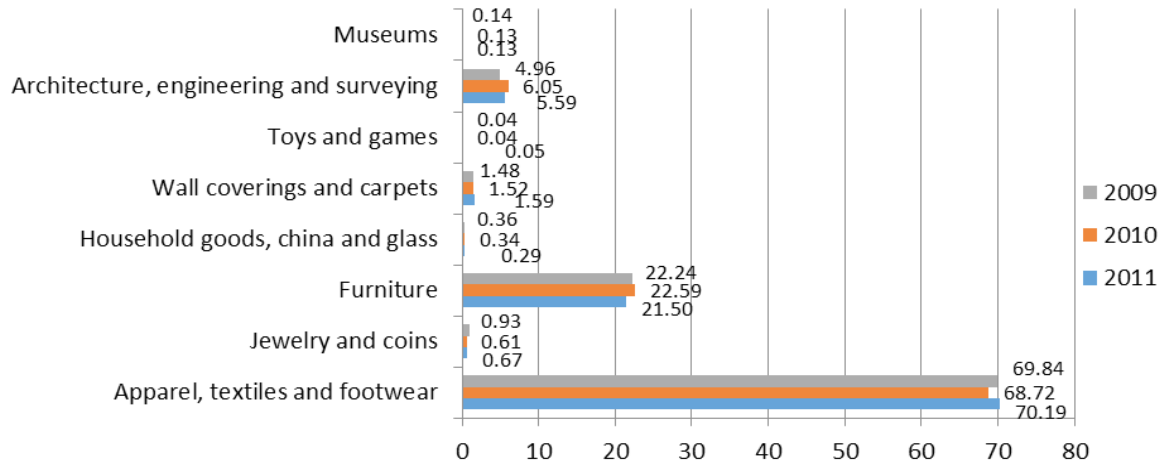
Figure 3-39: Turnover Growth Rates of the Partial Copyright Industries (2010 and 2011, %)



An analysis of Figure 3.39 indicates that the turnovers of apparel, textiles and footwear; furniture; wall coverings and carpets; architecture, engineering and surveying; and museums all increased considerably in both 2010 and 2011. The turnover increase rate of these industries was above the inflation rates in the relevant years (2010: 6.40%; 2011: 10.25%). The turnover of the household goods, china and glass industry, and the jewelry and coins industry dropped in 2010, whereas both increased in 2011. The turnover increase in the jewelry and coins industry in 2011 was significant. Such increases and decreases, however, did not influence the total turnover of the partial copyright industries, because the turnover of both industries had a very small share in the total turnover of the partial copyright industries.

Figure 3.40 below shows the value added shares of the partial copyright industries by years within the total value added generated by the partial copyright industries:

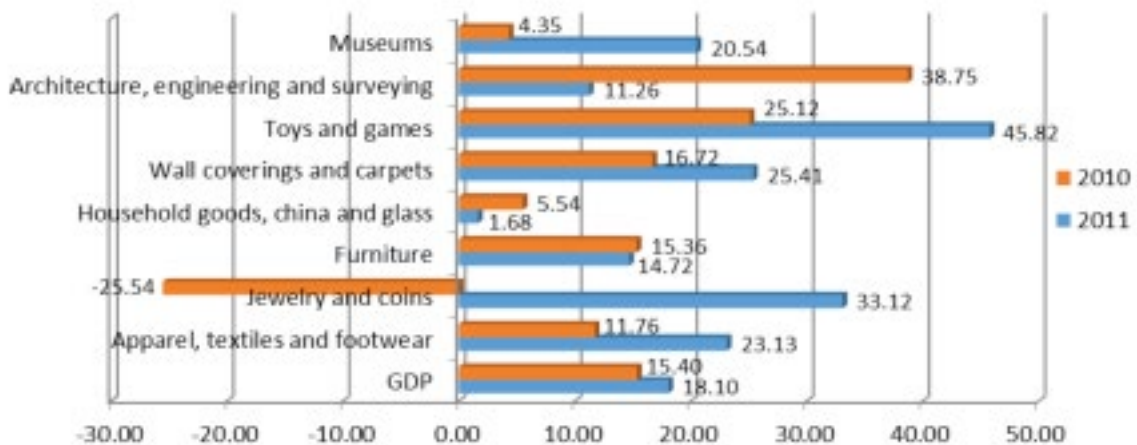
Figure 3-40: Value Added Shares of the Partial Copyright Industries in the Total Value Added Generated by the Partial Copyright Industries (2009-2011, %)



An analysis of Figure 3.40 shows that there was no major change in the value added shares of the partial copyright industries within the total value added of the partial copyright industries. There was a very small upward trend in the value added share of the wall coverings and carpets sector, while there was a very minor downward trend in the value added share of the household goods, china and glass industry. However, both trends were negligible.

Figure 3.41 below shows the value added growth rates of the partial copyright industries (at current prices) and growth rate of GDP (at current prices) for 2010 and 2011:

Figure 3-41: Value Added Growth Rates of the Partial Copyright Industries and GDP at Current Prices (2010 and 2011, %)

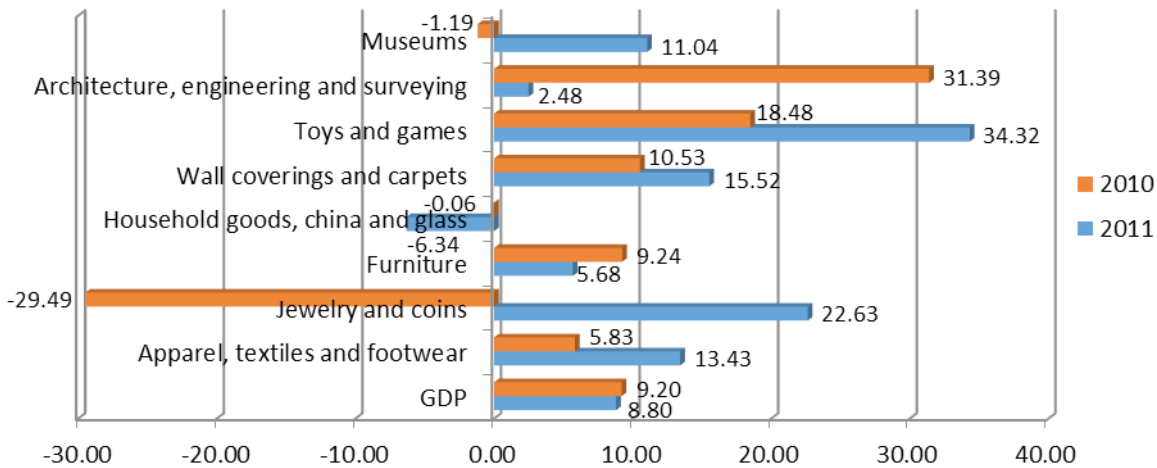


An analysis of Figure 3.41 indicates that the value added of architecture, engineering and surveying; toys and games; and the wall coverings and carpets industries increased above the growth rate of GDP at current prices in 2010. The value added of the furniture industry at current prices increased in 2010 by the growth rate of GDP at current prices. The value added of the museums, and apparel, textiles and footwear industries increased at below the growth rate of GDP at current prices in 2010. The value added of the jewelry and coins industry fell at current prices in 2010. The value added of museums; toys and games; wall coverings and carpets; jewelry and coins; and apparels, textiles and footwear increased at current prices above the growth rate of GDP at current prices in 2011. The value added of architecture, engineering and surveying; household

goods, china and glass; and the furniture industry increased at current prices below the growth rate of GDP at current prices in 2011.

Figure 3.42 below shows the value added growth rates of the partial copyright industries (at fixed prices) and growth rate in GDP (at fixed prices) in 2010 and 2011:

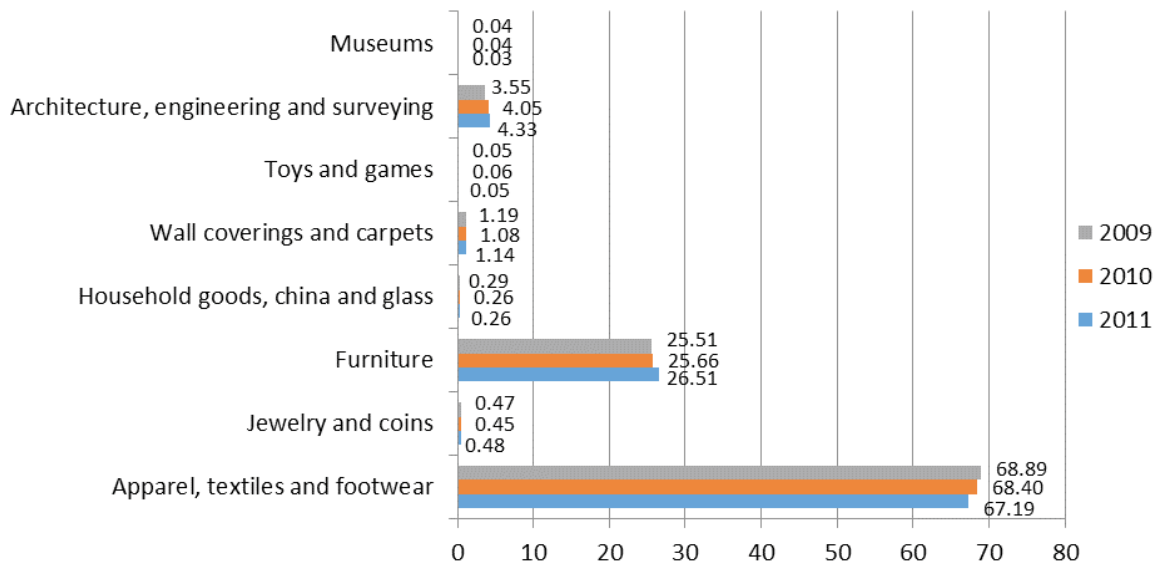
Figure 3-42: Value Added Growth Rates of the Partial Copyright Industries and GDP at Fixed Prices (2010 and 2011, %)



An analysis of Figure 3.42 suggests that the value added of architecture, engineering and surveying; toys and games; and wall coverings and carpets increased at above the growth rate in GDP at fixed prices in 2010. The value added of the furniture industry at fixed prices increased by the growth rate in GDP at fixed prices in 2010. The value added of the apparel, textiles and footwear industry at fixed prices increased at below the growth rate in GDP at fixed prices in 2010. The value added of museums; household goods, china and glass; and jewelry and coins dropped at fixed prices in 2010. In 2011, the increase in value added of museums; toys and games; wall coverings and carpets; jewelry and coins; apparel, textiles and footwear was above the growth rate in GDP at current prices. The value added of the furniture industry and architecture, engineering and surveying increased at below the growth rate in GDP at fixed prices in 2011. The value added of the household goods, china and glass industry dropped at fixed prices in 2011.

Figure 3.43 below shows the employment shares of the partial copyright industries in the total employment created by the partial copyright industries in 2009, 2010 and 2011:

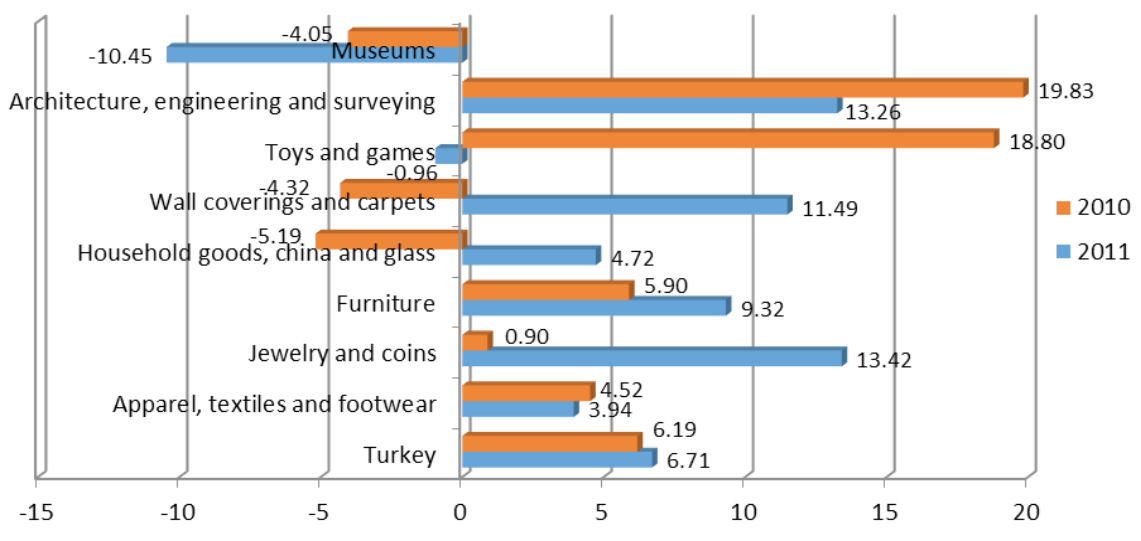
Figure 3-43: Employment Shares of the Partial Copyright Industries in the Total Employment Created by the Partial Copyright Industries (2009-2011, %)



An analysis of Figure 3.43 highlights that the employment shares of the various partial copyright industries within the total employment of all the partial copyright industries did not change significantly over time. There was a minor upward trend in the employment share of the architecture, engineering and surveying industry within the total employment created by the partial copyright industries. There was a minor downward trend in the employment share of the apparel, textiles and footwear industry within the total employment created by the partial copyright industries. Both trends were negligible.

Figure 3.44 below shows the rate of increase of the employment created by the partial copyright industries and the rate of increase of Turkey's total employment in 2010 and 2011:

Figure 3-44: Rates of Increase of the Employment Created by the Partial Copyright Industries and of Turkey's Total Employment (2010 and 2011, %)



An analysis of Figure 3.44 suggests that there was a decrease in employment in the museums industry in both years. Employment in architecture, engineering and surveying increased by above the increase rate in

Turkey's total employment in both years. Although there was a significant increase in employment in the toys and games industry in 2010, employment in this industry declined in 2011, albeit at a low rate. Employment in the wall coverings and carpets, and household goods, china and glass industries declined in 2010, but increased in 2011. Employment in the furniture, and jewelry and coins industries increased at below the increase rate in Turkey's total employment in 2010, while the employment share of both industries increased above the increase rate in Turkey's total employment in 2011. The increase in the employment created by the apparel, textiles and footwear industry remained at below the increase rate in Turkey's total employment in both years.

3.8 Economic Contribution of Non-Dedicated Support Industries (2009-2011)

3.8.1 Turnover Posted by Non-dedicated Support Industries (2011)

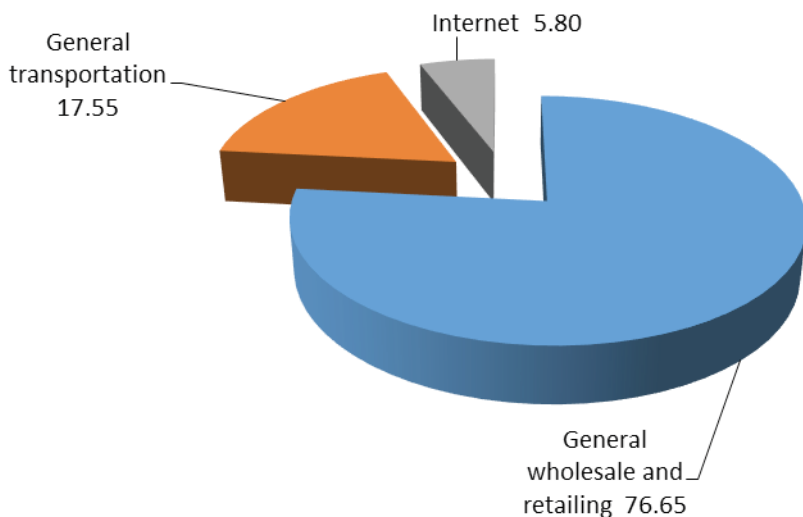
Non-dedicated support industries posted a total turnover of 20,403,544,629 TL in 2011 (considering the appropriate copyright factors). This figure accounted for 10.34% of the total turnover of 197,235,775,754 TL generated by all copyright industries in 2011. Table 3.21 below shows the turnovers of non-dedicated support industries in 2011.

Table 3-21: Turnover of Non-dedicated Industries (2011)

Non-dedicated Support Industries	Turnover (TL)
General wholesale and retailing	15,640,094,655
General transportation	3,580,666,435
Internet	1,182,783,538

Figure 3.45 below shows the turnover shares of non-dedicated support industries in 2011, within the total turnover of non-dedicated support industries:

Figure 3-45: Turnover Shares of the Non-dedicated Support Industries (2011, %)



An analysis of Figure 3.45 underlines that the turnover of general wholesale and retailing in 2011 had by far the highest share in the total turnover of the non-dedicated support industries. This industry was followed by the general transportation and internet industry in terms of turnover.

3.8.2 Value Added of Non-dedicated Support Industries (2011)

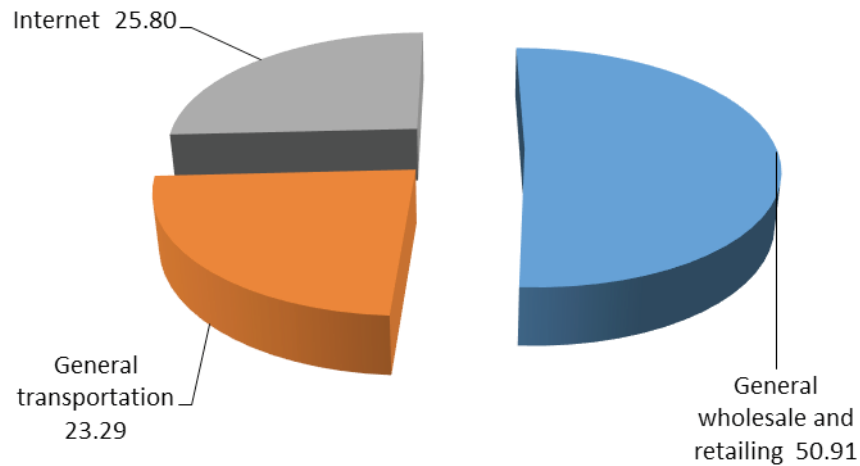
Non-dedicated support industries generated value added of 2,562,374,944 TL in 2011 (considering the appropriate copyright factors). The value added share of the non-dedicated support industries was 7.23% in 2011 within the total value added of 35,463,816,234 TL generated by all copyright industries in 2011. Table 3.22 below shows the value added share of the different non-dedicated support industries in 2011.

Table 3-22: Value Added Shares of Non-Dedicated Industries (2011)

Non-Dedicated Industries	Value Added (TL)
General wholesale and retailing	1,304,411,190
General transportation	596,754,753
Internet	661,209,001

Figure 3.46 below shows the value added shares of the various non-dedicated support industries in 2011, within the total value added generated by non-dedicated support industries:

Figure 3-46: Value Added Shares of Non-dedicated Support Industries (2011, %)



An analysis of Figure 3.46 shows that general wholesale and retailing had the highest share in the total value added of non-dedicated support industries, followed by internet. While the internet industry had the third highest turnover, it had the second highest value added share, showing that the internet industry created a high value added. It must be noted, however, that the general wholesale and retailing industry had a very low value added share compared to its share in the turnovers of the non-dedicated support industries. This indicates that the other two sectors, general transportation, and internet, created relatively higher value added.

3.8.3 Employment Created by Non-dedicated Support Industries (2011)

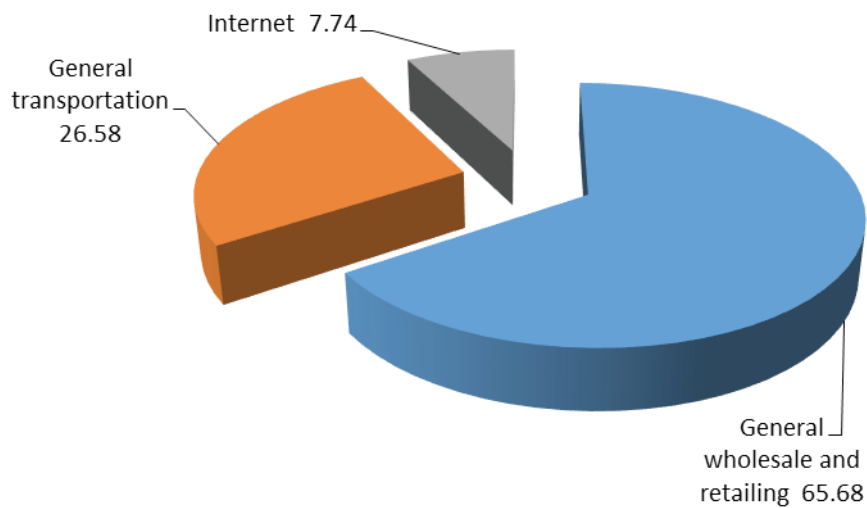
The non-dedicated support industries employed 95,632 persons in 2011 (considering the appropriate copyright factors). This employment volume accounted for 7.35% of the total employment of 1,301,527 persons employed by all copyright industries in 2011. Table 3.23 below shows the employment created by the different non-dedicated support industries in 2011.

Table 3-23: Employment by Non-dedicated Support Industries (2011)

Non-dedicated Support Industries	Employment
General wholesale and retailing	62,813
General transportation	25,421
Internet	7,398

Figure 3.47 below shows the employment shares of the different non-dedicated support industries in 2011, within the total employment created by non-dedicated support industries.

Figure 3-47: Employment Shares of Non-dedicated Support Industries (2011, %)



An analysis of Figure 3.47 suggests that general wholesale and retailing had the highest share in employment among the non-dedicated support industries, followed by the general transportation and internet industries.

3.8.4 Trends in the Economic Contribution of Non-dedicated Support Industries (2009-2011)

This section presents the economic sizes of the non-dedicated support industries in 2010 and 2009 to compare with 2011 (considering the relevant copyright factors).

Table 3-24: Economic Sizes of Non-dedicated Support Industries in (2009-2011 – At Current Prices)

Non-dedicated support industries	Turnover (TL)			Share in non-dedicated support industries (%)			Value Added (TL)			Share in non-dedicated support industries (%)			Employment			Share in non-dedicated support industries (%)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
General wholesale and retailing	13,069,283,930	14,071,585,147	15,640,094,655	79.61	75.97	76.65	1,107,498,854	1,182,554,134	1,304,411,190	53.00	49.31	50.91	64,242	60,395	62,813	67.63	64.19	65.68
General transportation	2,481,403,438	3,240,233,644	3,580,666,435	15.12	17.49	17.55	452,725,519	550,732,527	596,754,753	21.67	22.96	23.29	24,338	25,553	25,421	25.62	27.16	26.58
Internet	866,054,922	1,210,305,584	1,182,783,538	5.28	6.53	5.80	529,354,578	664,886,063	661,209,001	25.33	27.72	25.80	6,415	8,140	7,398	6.75	8.65	7.74

Copyright factors are applied

The following graphs show the turnover, value added and employment shares of the non-dedicated support industries, by years, within the total turnover, value added and employment of the non-dedicated support industries:

Figure 3-48: Turnover Shares of Non-dedicated Support Industries (2009-2011, %)

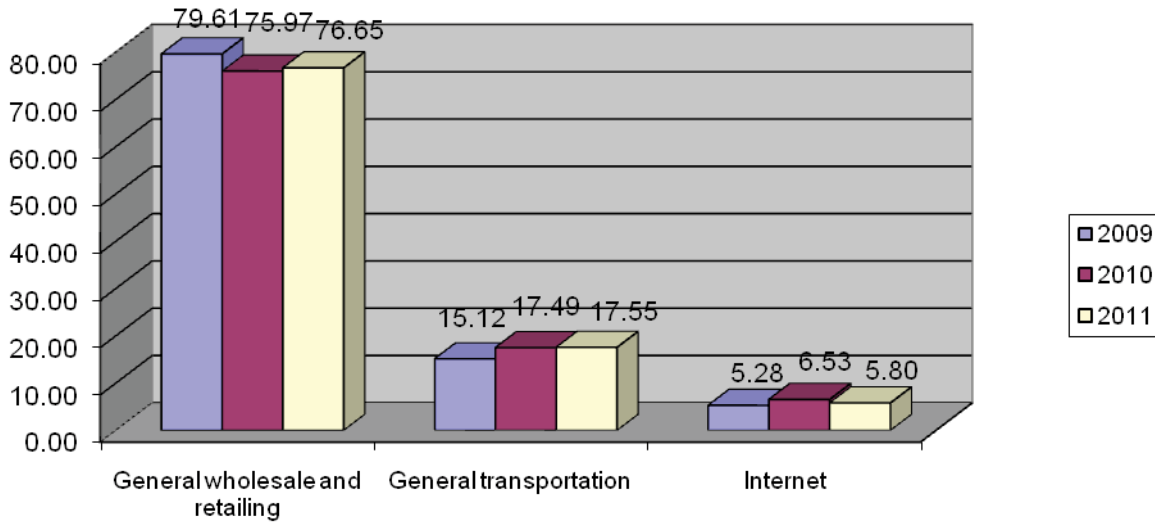


Figure 3-49: Value Added Shares of Non-dedicated Support Industries (2009-2011, %)

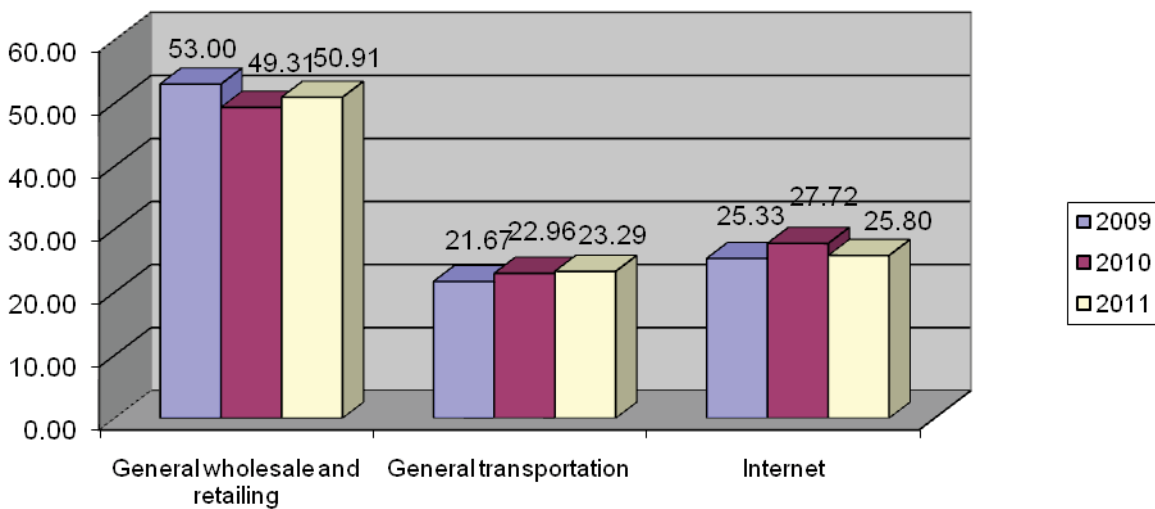
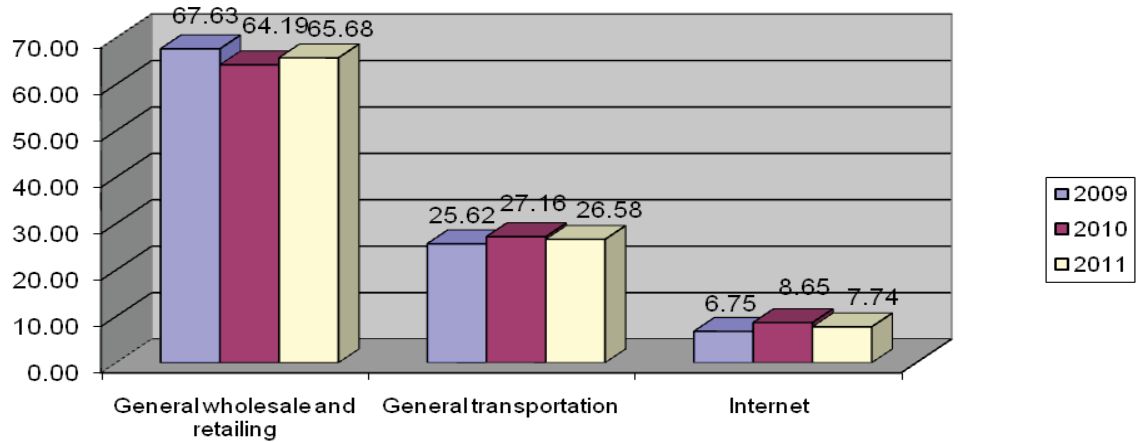


Figure 3-50: Employment Shares of Non-dedicated Support Industries (2009-2011, %)



An analysis of the graphs above highlights that the turnover, value added and employment shares of non-dedicated support industries in the total turnover, value added and employment of non-dedicated support industries did not change significantly in these years. There was, however, a minor upward trend in the turnover share and value added share of the general transportation industry in the total turnover and value added of the non-dedicated support industries.

3.9 Foreign Trade Contribution of the Copyright Industries

The following tables present the export and import values of the copyright industries in 2009, 2010 and 2011.

Table 3-25: Foreign Trade Values of the Core Copyright Industries (US\$)

	2009		2010		2011	
	Exports	Imports	Exports	Imports	Exports	Imports
Press and literature	55,765,138	79,559,385	51,496,778	83,994,476	53,514,006	95,214,374
Music, theatrical productions and operas	208,194	11,656,788	795,770	7,220,551	1,775,913	5,959,118
Motion picture and video	4,033,750	35,374,895	2,562,711	42,019,073	2,006,552	33,421,613
Radio and television	38,303,010	168,717,375	65,000,000	154,135,125	66,453,111	146,050,875
Photography	668,506	696,721	383,700	796,400	303,009	929,152
Software and databases					265,000,000	

Table 3-26: Foreign Trade Values of the Interdependent Copyright Industries (US\$)

	2009		2010		2011	
	Exports	Imports	Exports	Imports	Exports	Imports
Television and radio sets, VCR and CD players, etc.	3,468,061,890	1,457,799,864	3,502,758,452	2,065,721,124	3,742,804,341	2,354,424,417
Computers and peripheral equipment	81,740,102	2,278,997,662	112,939,808	2,648,959,337	110,261,023	2,733,025,888
Musical instruments	8,559,966	28,631,465	9,222,079	37,597,789	9,621,493	42,197,522
Photographic and cinematographic instruments	700,072	23,457,421	673,983	25,088,644	906,847	32,318,650
Photocopiers	34,412,523	461,107,000	41,299,114	618,947,441	51,324,976	734,483,068
Blank recording materials, CDs, DVDs etc.	10,983,889	106,197,435	8,866,553	112,896,469	8,699,858	111,570,438
Paper	196,375,137	1,026,093,766	234,004,526	1,399,984,104	295,849,855	1,567,736,010

Table 3-27: Foreign Trade Values of the Partial Copyright Industries (US\$)*

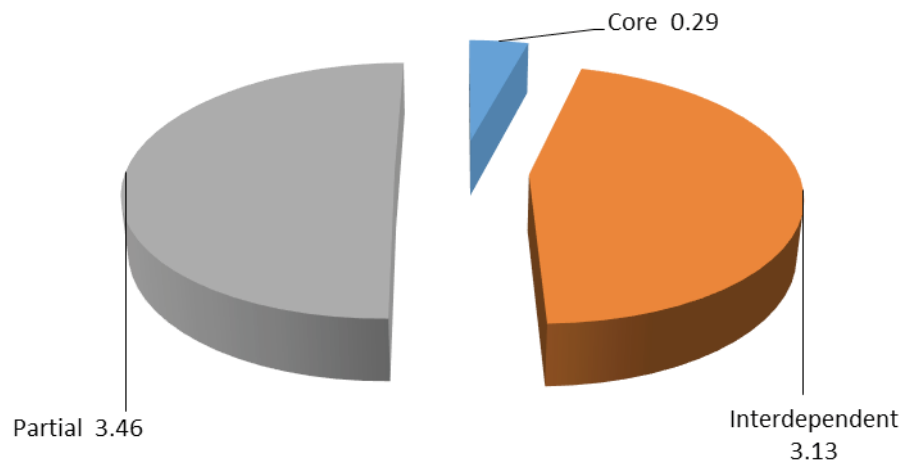
	2009		2010		2011	
	Exports	Imports	Exports	Imports	Exports	Imports
Apparel, textiles and footwear	2,995,900,052	711,570,503	3,332,071,310	915,122,521	3,643,987,524	1,081,872,817
Jewelry and coins	81,262,867	18,635,834	107,179,836	24,925,889	136,684,092	30,067,658
Furniture	489,988,814	230,445,669	581,424,706	291,353,911	686,997,198	366,371,018
Household goods, china and glass	26,762,544	6,027,562	29,565,043	8,607,903	33,924,909	11,190,685
Wall coverings and carpets	108,459,694	16,100,876	127,799,764	21,237,379	161,243,092	23,695,961
Toys and games	662,638	7,018,308	785,064	10,160,314	782,356	14,255,314
Architecture, engineering and surveying	144,780	161,966	413,205	371,808	70,012	883,242
Museums	10,643	538,291	24,617	718,368	51,780	2,688,380

* Copyright factors are applied

Table 3.25 does not contain either export data of the software and databases industry for the years 2009 and 2010 or import data for all relevant years. The Turkish Software Industrialists Association (YASAD) could only provide the export figures for 2011. The Association was unable to provide any information regarding software imports. The representatives of the Association underline that software imports are actually realized by many companies and even by individuals and it is therefore very difficult to determine or estimate the exact figures. It was also found in our study that it was not practically possible to determine and estimate software imports; therefore, the software import data was not included. However, YASAD officers pointed out that software imports in Turkey were much higher than software exports.

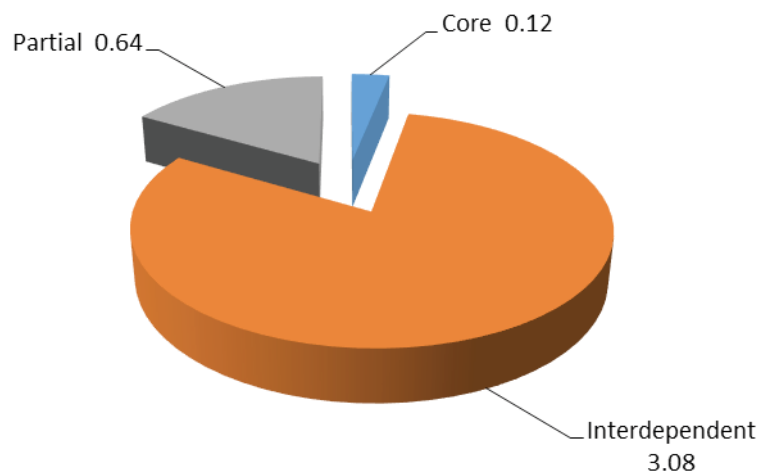
Total exports of copyright industries amounted to US\$9,272,261,947 in 2011, for which the software export data was available. This amount corresponded to 6.87% of Turkey's total exports of US\$134,906,869,000 in 2011. However, the interdependent copyright industries and partial copyright industries realized the majority of exports, according to the tables above. The share of the core copyright industries in Turkey's total exports was 0.29%. Figure 3.51 below shows the shares of the copyright industries in Turkey's total exports.

Figure 3-51: Share of the Copyright Industries in Turkey's Total Exports (2011 %)



Imports of the copyright industries (excluding software and databases) amounted to US\$ 9,231,967,406 in 2011. This amount corresponded to 3.83% of Turkey's total imports of US\$240,841,676,000 in 2011. Similarly, the interdependent copyright industries and partial copyright industries realized a significant portion of these imports. Figure 3.52 below shows the shares of the copyright industries in Turkey's total imports.

Figure 3-52: Shares of the Copyright Industries in Turkey's Total Imports (2011, %)



When Figure 3.51 and Figure 3.52 are analyzed together, it can be seen that the share of the partial copyright industries in Turkey's total exports was 3.46%, while its share in total imports was 0.64%. This is because Turkey is a net exporter in the apparel, textiles and footwear; furniture, and wall coverings and carpets industries, with high copyright factors among the partial copyright industries. However, we must emphasize once again that the import data do not include the data on software and databases imports, which officials have stated are of a considerable volume. Therefore, the core copyright industries seemed to be net exporters in 2011. This result would be rather different if data on the software and databases imports could be obtained. As can be seen from Table 3.25 and Figure 3.53, Turkey has a negative trade balance (imports are higher than exports) in each core copyright industry. As the Turkish Software Industrialists Association indicated, Turkey also had a negative trade balance in software and databases.

Figure 3-53: Foreign Trade Balance of Core Copyright Industries (2011-US\$)

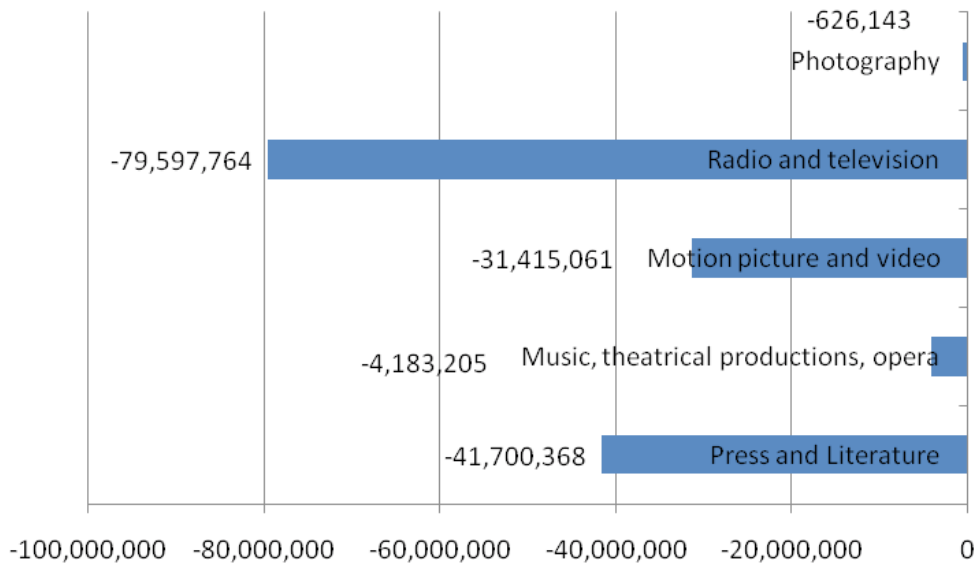
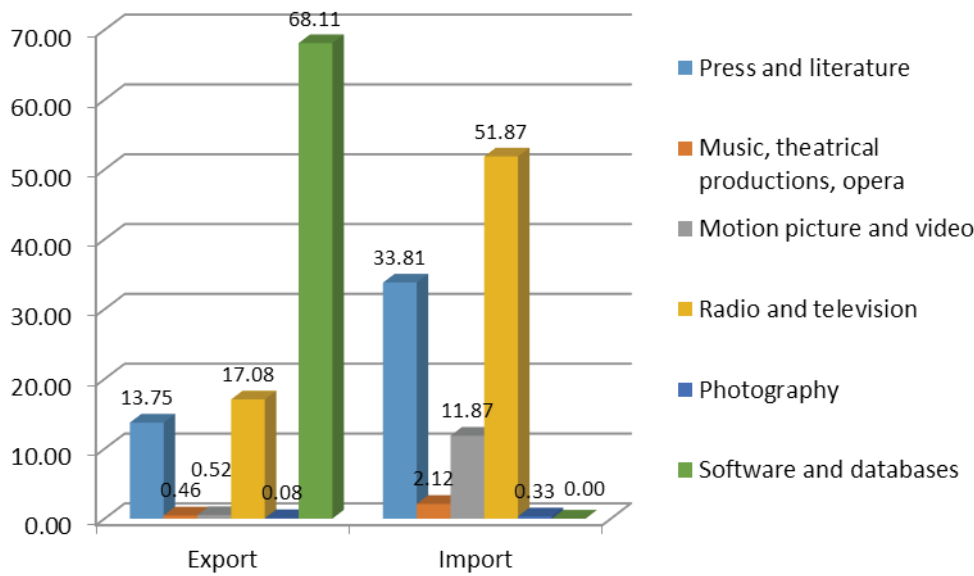


Figure 3.54 below shows the export and import (foreign trade) shares of the core copyright industries in total exports and imports of the core copyright industries in 2011.

Figure 3-54: Foreign Trade Shares of Core Copyright Industries in Total Foreign Trade of Core Copyright Industries (2011 %)

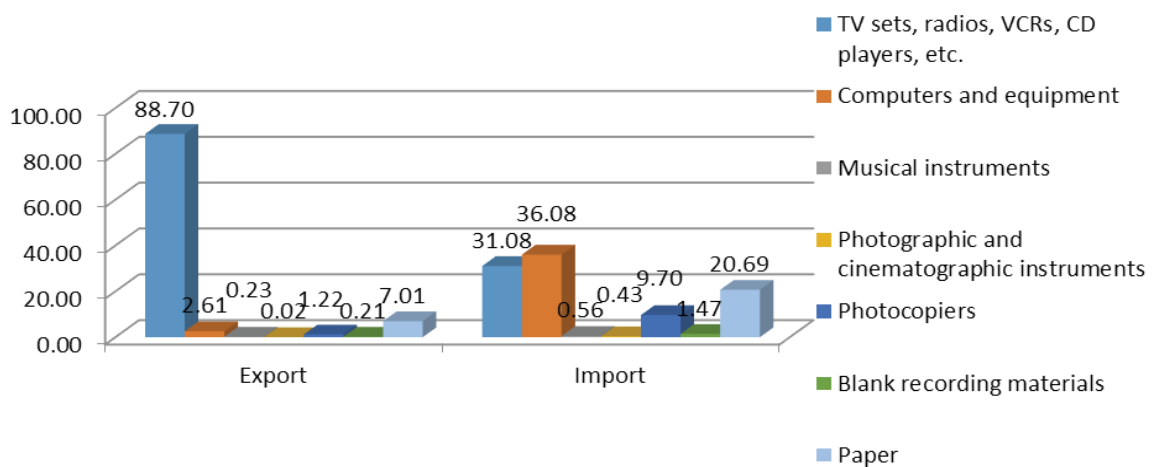


As can be seen from Figure 3.54, software and databases achieved the largest volume of exports among the core copyright industries in 2011, followed by the radio and television industry. It must be highlighted that TV series account for almost all of the exports realized by the radio and television industry. It is noted that exports of Turkish TV series exceeded US\$150 million in 2013 (Public Diplomacy Coordinator's Office, Prime Minister's Office, Republic of Turkey). Turkish TV series are currently exported to the following countries: Afghanistan, Germany, Albania, Austria, Azerbaijan, United Arab Emirates, Bahrain, Bosnia and Herzegovina, Brunei Darussalam, Bulgaria, Algeria, Czech Republic, China, Indonesia, Estonia, Morocco, Georgia, Croatia, Iraq, Iran, Sweden, Switzerland, Japan, Montenegro, Qatar, Kazakhstan, South Korea, Kosovo, Kuwait, Latvia, Libya, Lithuania, Lebanon, Hungary, Macedonia, Malaysia, Egypt, Uzbekistan, Pakistan, Romania, Russia, Slovakia, Slovenia, Syria, Thailand, Taiwan, Thailand, Tunisia, Ukraine, Oman, Jordan, Vietnam, Yemen, Greece (Public Diplomacy Coordinator's Office, Prime Minister's Office, Republic of Turkey). Exports by the software

industry rose to US\$479 million in 2012. Therefore, the exports of the software and databases and radio and television industries achieved the highest volume of exports among the core copyright industries and have been significantly increasing. As regards imports (excluding imports of software and databases), the highest amount of imports was achieved by the radio and television industry among the core copyright industries, followed by press and literature. Although Turkey has recently achieved considerable volumes of exports in TV series, a significant portion of television program formats are procured from abroad. Television channels also show a considerable number of foreign productions. All of these influence Turkey's imports in this industry.

Figure 3.55 below shows the export and import shares of the various interdependent copyright industries in the total exports and imports of the interdependent copyright industries in 2011:

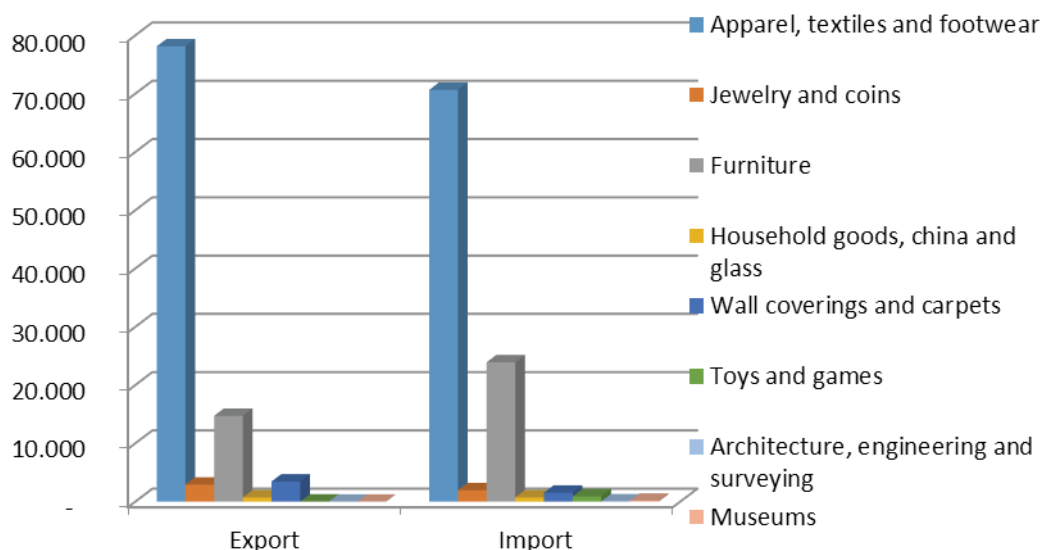
Figure 3-55: Foreign Trade Shares of the Interdependent Copyright Industries in the Total Foreign Trade of the Interdependent Copyright Industries (2011, %)



As shown in Figure 3.55, the sector of TV sets, radio, VCR and CD players, etc. had the highest exports among the interdependent copyright industries. This industry was also a net exporter, while its exports increased in the relevant years according to Table 3.26. Regarding the imports, the computers and equipment industry had the highest imports among the interdependent copyright industries.

Figure 3.56 below shows the exports and import shares of the various partial copyright industries within the total exports and imports of the partial copyright industries in 2011.

Figure 3-56: Foreign Trade Shares of the Partial Copyright Industries in the Total Foreign Trade of the Partial Copyright Industries (2011, %)

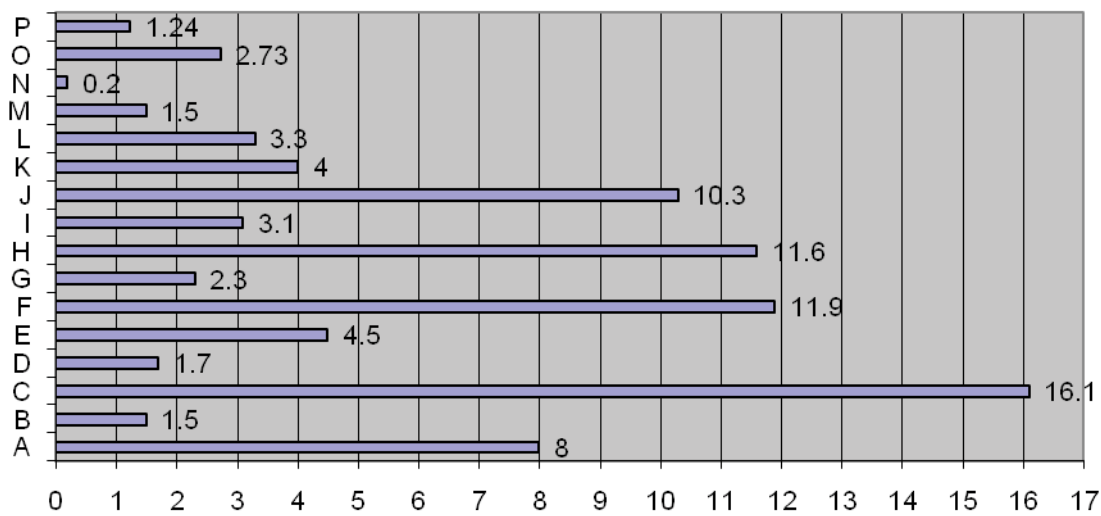


According to Figure 3.56, the apparel, textiles and footwear industries achieved the highest exports and imports among the partial copyright industries in 2011, followed by the furniture industry. Both sectors were net exporters.

3.10 Comparison of the Copyright Industries with Other Industries in Turkey (2011)

Figure 3.57 below shows a comparison between the contribution of the copyright industries to GDP in 2011 and the GDP contribution of other industries.

Figure 3-57: GDP Contribution of Copyright Industries and Other Industries (2011, %)



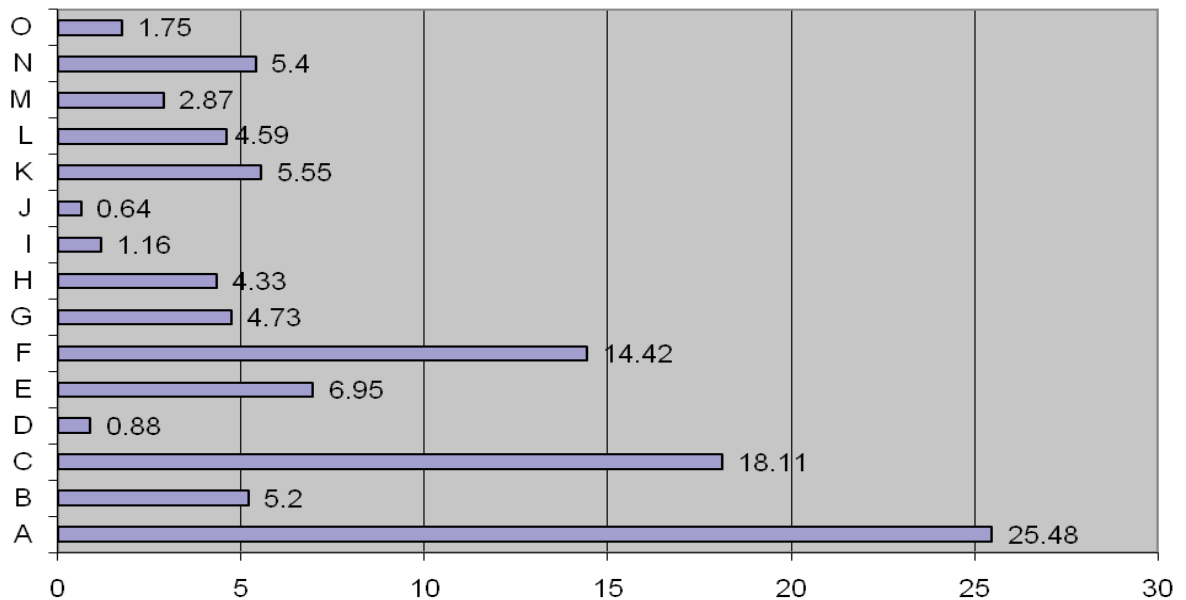
Key: Industries

A	Agriculture, hunting, forestry and fisheries	I	Finance and insurance
B	Mining and quarrying	J	Real estate rentals and business activities
C	Manufacturing industry	K	Public administration and defense
D	Electricity, gas, steam and hot water production and distribution	L	Education
E	Construction	M	Healthcare and social services
F	Wholesale and retailing	N	Households employing domestic staff
G	Hotels and restaurants	O	Copyright industries
H	Transport, storage and communication	P	Core copyright industries

As can be understood from Figure 3.57, the contribution of the copyright industries to GDP in 2011 was higher than that of healthcare and social services, hotels and restaurants, electricity, gas, steam and hot water production and distribution. It was very close to the contribution of the activities of the finance and insurance and education industries.

Figure 3.58 below shows the comparison between the contribution of the copyright industries to employment and the employment contribution of other sectors in 2011.

Figure 3-58: Contributions of the Copyright Industries and Other Industries to Employment (2011, %)



Key: Industries

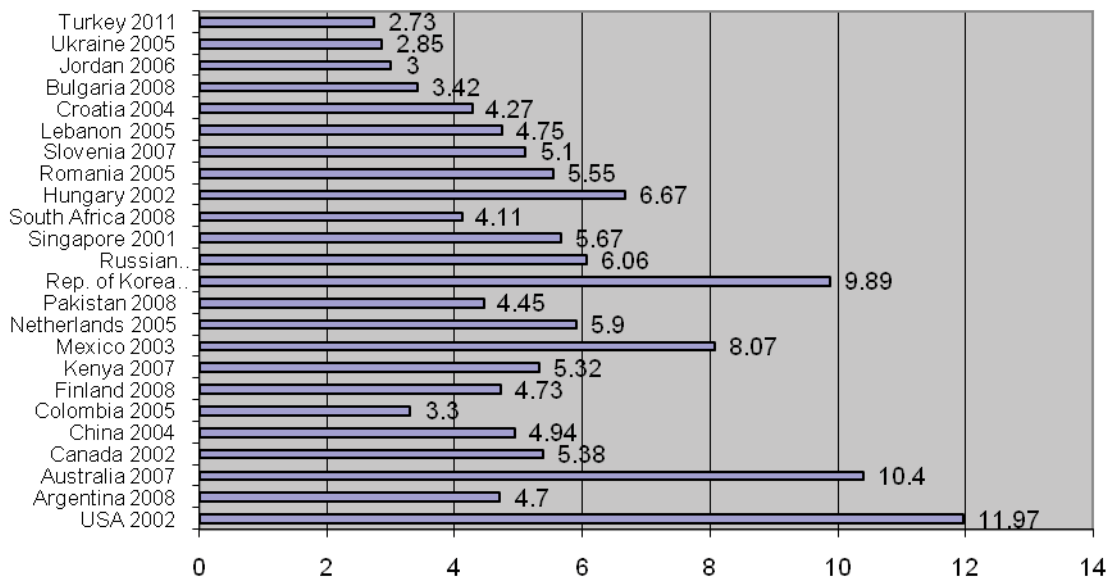
A	Agriculture, hunting, forestry and fisheries	I	Activities of financial intermediaries
B	Mining and quarrying	J	Real estate
C	Manufacturing industry	K	Public administration and defense
D	Electricity, gas, steam and hot water production and distribution	L	Education
E	Construction	M	Healthcare and social services
F	Wholesale and retailing	N	Copyright industries
G	Hotels and restaurants	O	Core copyright industries
H	Transport, storage and communication		

As understood from Figure 3.58, the contribution of the copyright industries to the employment in Turkey was greater than that of many other sectors in 2011. The contribution of the copyright industries to employment was almost the same as those of public administration and defense. It was higher than the employment contribution of many major industries (for example, education, healthcare, activities of financial intermediaries, hotels and restaurants, transport, storage and communication).

3.11 International Benchmarking

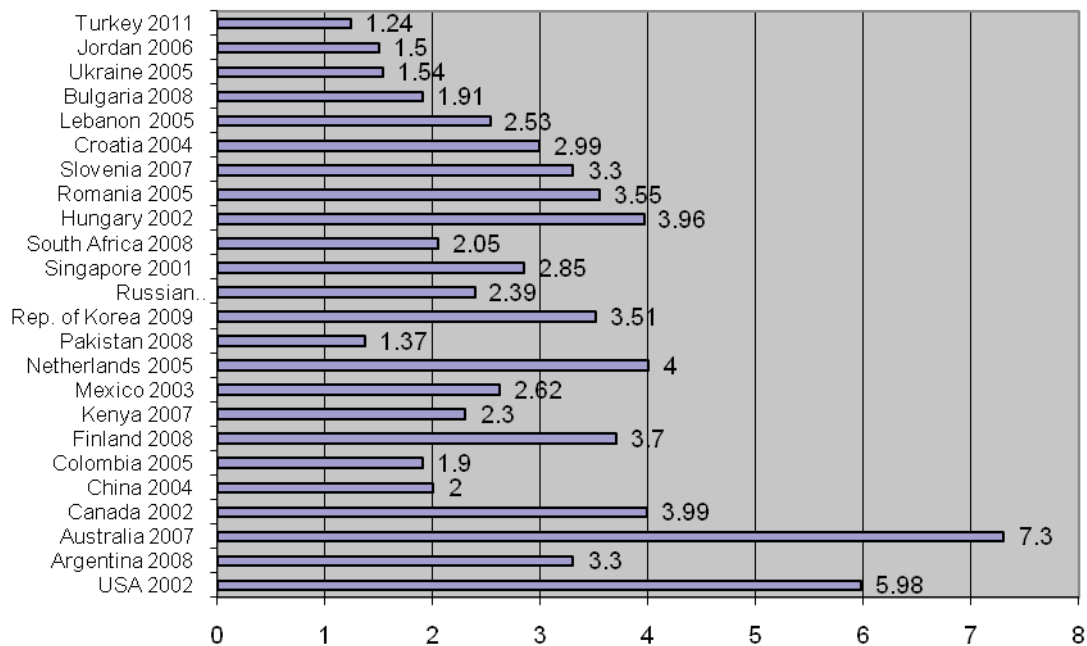
Figure 3.59, Figure 3.60, and Figure 3.61 respectively show the GDP share of the copyright industries, GDP share of the core copyright industries, and employment share of the copyright industries, compared to other countries. Because the country reports prepared in other countries in cooperation with WIPO were prepared in different years, the following tables demonstrate the data for the year when the data presented in the final report was compiled. When we selected the countries for comparison, we were careful to include countries from different regions of the world in order to get an idea where Turkey stood. But we separated out countries located in Eastern Europe and Middle East and presented their data at the top of the graphs. We distinguished these countries because Turkey is located in this region.

Figure 3-59: GDP Contribution of the Copyright Industries (%)



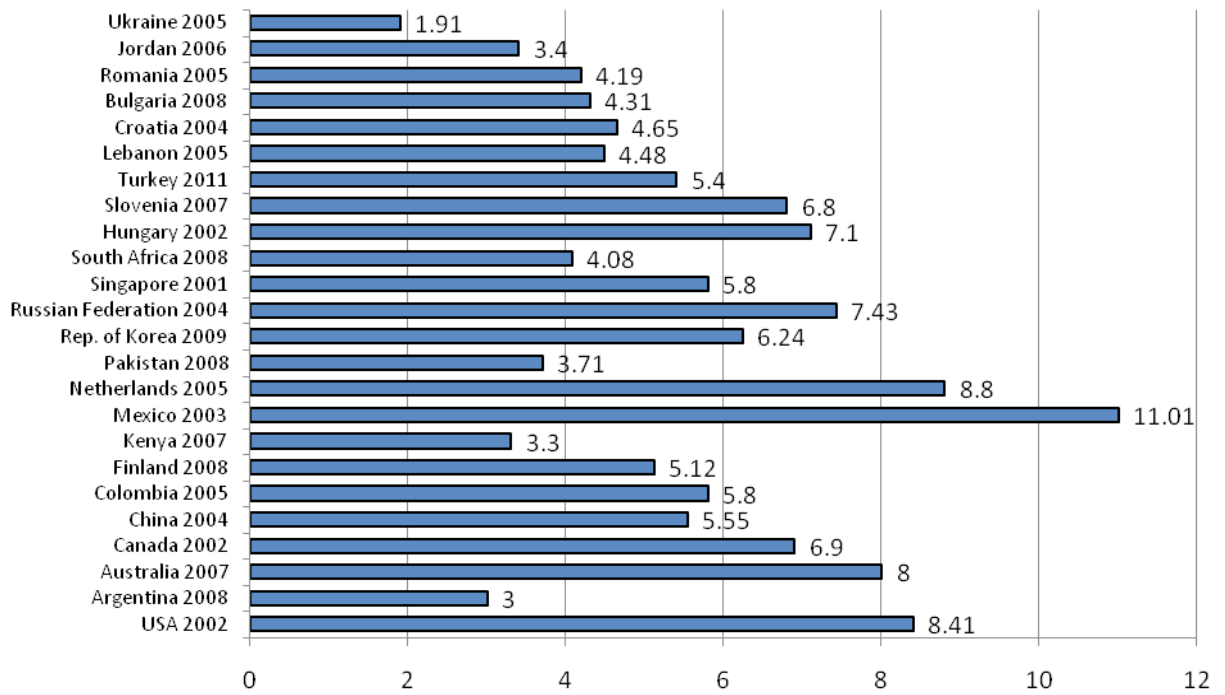
Source: WIPO Reports

Figure 3-60: GDP Contribution of the Core Copyright Industries (%)



Source: WIPO Reports

Figure 3-61: Employment Contribution of the Copyright Industries (%)

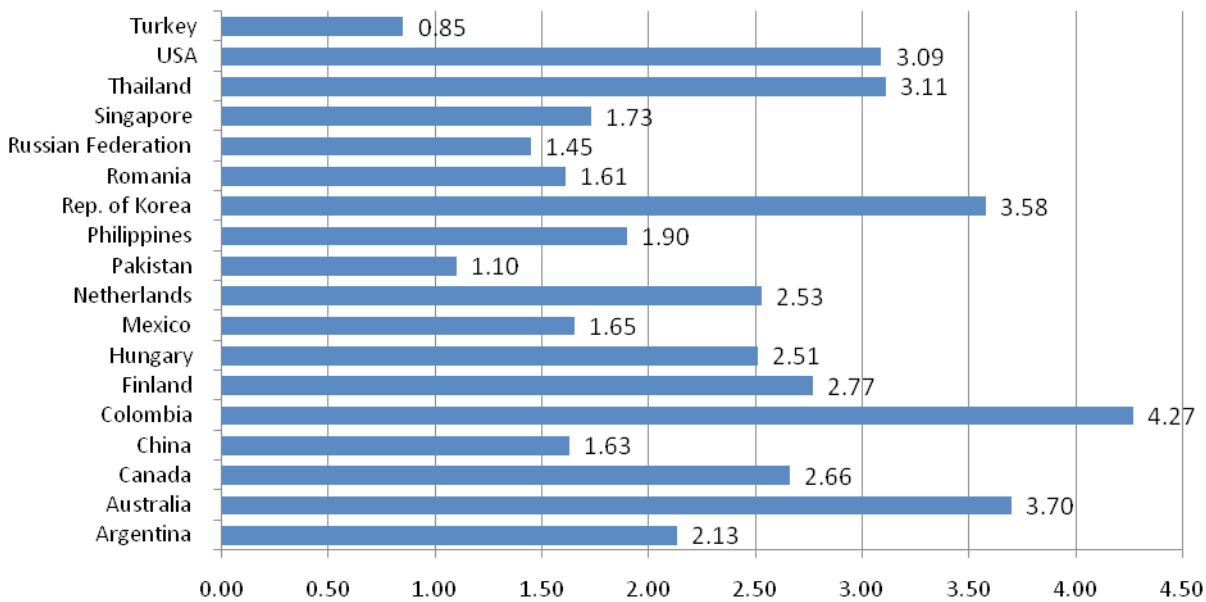


Source: WIPO Reports

An analysis of Figures 3.59 and 3.60 suggests that the GDP contribution of the value added of all copyright industries and core copyright industries in Turkey was not adequate. The contribution of the copyright industries to total employment in Turkey was relatively better. The most important reason for this result in employment was that the apparel, textiles and footwear sector, which were among the partial copyright industries, held a significant position in Turkey's economy and it was labor-intensive.

The values indicated in the Global Entertainment and Media Outlook 2012-2016 document published by PricewaterhouseCoopers (PwC) were also used for comparison. In this document, PwC presented the data on the sizes of the entertainment and media markets in various countries (it must be kept in mind that the methodology of the above-mentioned study was different from the methodology employed in this study). Figure 3.62 below shows the ratio of the sizes of the entertainment and media markets of some countries to GDP in 2010:

Figure 3-62: Ratio of the Entertainment and Media Markets to GDP (2010, %)



As shown in Figure 3.62, the analysis that was performed using the PwC values also revealed a result for Turkey that was similar to the one found in this study.

Although the ratio of the value added of the copyright industries in Turkey to GDP seemed to be lower compared to other countries, it appeared that it was higher than or closer to the value added shares of some major industries in GDP when compared to other sectors in Turkey, as already noted in the preceding section. This situation points to the importance of the copyright industries for Turkey. Furthermore, there is a major development potential, particularly in the core copyright industries. It is suggested that the GDP contribution of the core copyright industries will definitely increase if this potential is mobilized through appropriate policies.

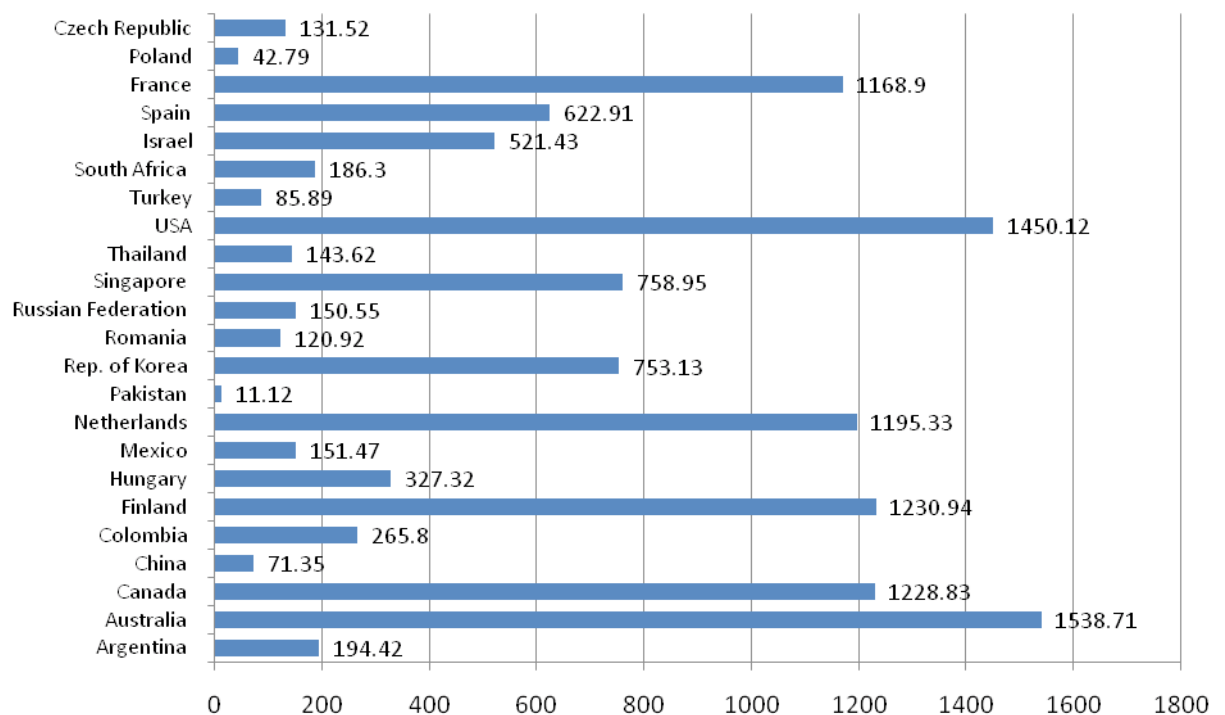
4. ASSESSMENT

4.1 Overall Assessment

This study was performed to assess the economic contribution of the copyright industries in Turkey. It was concluded that the value added share of the copyright industries in GDP was not adequate: in particular, there is a clear need to improve the economic contribution of the core copyright industries in Turkey.

Based on this conclusion, the weights of the products produced, especially by the core copyright industries and interdependent copyright industries in household consumption, were analyzed. According to the latest survey carried out by TURKSTAT, the weight of the products produced by the industries involved in total household consumption is approximately 1.53%. TV sets, computers and peripheral equipment industries account for the biggest portion of this weight. This once again underlines Turkey's hardware-dominant structure. The rate of the products produced by the core copyright industries in household consumption is approximately 0.69%. Literature holds the biggest weight among these industries (0.29%), followed by newspapers (0.10%) and motion pictures (0.06%). Consumption of music and theatrical productions is very low. However, the use of cable TV services must be noted: the weight of cable TV subscriptions in household consumption is 0.20%. Considering that households also receive TV broadcasts through other means (dish antennas, etc.) apart from cable TV, TV programs stand out as the most important item among the core copyright products consumed by households. The fact that the products produced by the core copyright industries have a low weight in household consumption reveals a problem on the demand side. The majority of households in Turkey do not consume these products (excluding TV programs). Figure 4.1 below shows entertainment and media expenditures *per capita* in 2010, using PwC data.

Figure 4-1: Entertainment and Media Expenditures Per Capita (2010-US\$)



An analysis of Figure 4.1 suggests that Turkey is a low-ranking country with regard to per capita entertainment and media expenditure.

4.2 Sectoral Overview and Assessment of the Core Copyright Industries

4.2.1 Music industry in Turkey

The music industry in Turkey is characterized as a dynamic industry open to development. There is a shift mainly towards the digital area, in parallel to the recent worldwide technological advances in the music industry. As a result, major steps have been globally taken to support innovative ideas and increase investment in this field, and in the meantime to prevent piracy.

Coupled with development of the digital area, Europe has adopted a new directive regarding the online licensing of musical works. Within this context, one of the most important objectives is to achieve development also in Turkey and to restructure the collective management societies, which are among the most important elements in enforcing copyright, based on EU and international standards.

In parallel to these developments, the trend in Turkey is to prevent digital piracy in order to increase the proceeds of the music industry in the digital area and to increase new business models and investments in this field.

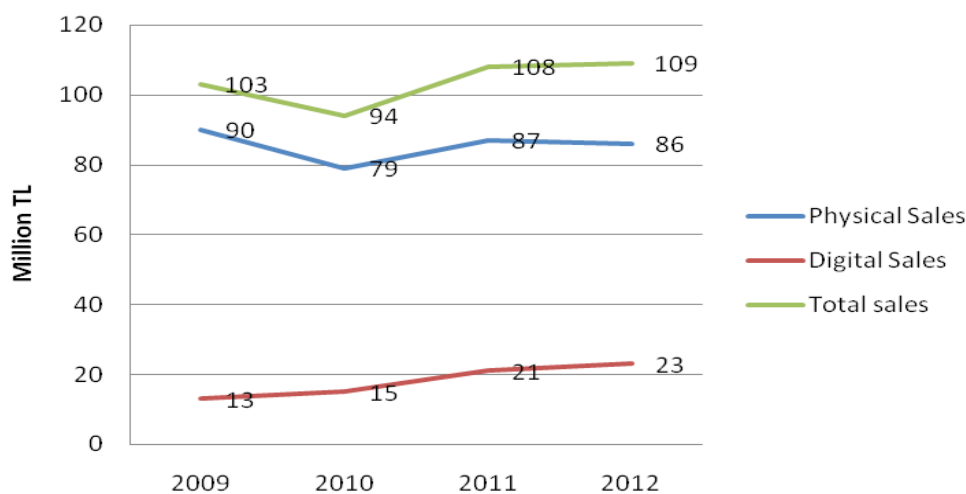
In the Turkish music industry, physical sales have experienced a decline as digital sales have become more and more popular, which is comparable to the situation in the global music industry.

Around 3,500 new albums are placed on the Turkish music market every year, and around 1,800 of these are albums of local artists. An analysis of the market indicates that the number of new local albums produced and the number of imported foreign albums are equal. However, the local repertory is predominantly exploited (around 80 to 85%).

While physical sales experience a steep decline, which is comparable to that in the global market, the young population and the increasing use of the internet are the driving forces of the music market.

Turkey has been influenced by developments in the digital domain that began in the new millennium, and as of 2005 the Turkish digital market has been re-shaped by the collecting societies through digitizing music and establishing the infrastructure for digital music. Digital sales revenues grew and increased substantially every year, and accounted for 12% of the sector's income in 2012. In 2012, global companies were quickly interested in the Turkish market. Many digital music companies took steps to enter the Turkish market and signed agreements to this end.

Figure 4-2: Sales in the Music Market



For physical piracy, the Turkish police have the direct authority to prosecute, laid down by Turkish legislation. However, piracy is now predominantly taking place in the Turkish digital market, as is the case in the global market. Special articles have been laid down on digital rights violations. Collecting Societies undertake considerable efforts to fight against digital piracy, relying on these articles. Dedicated teams trace piracy sites and take the necessary action through litigation. In this respect, since 2004 access to more than

2,000 sites has been blocked or the sites have been taken down. However, as shown by cases all around the world, taking down a website is not sufficient to counteract piracy. Relevant pieces of legislation should be reviewed in respect of rights violations, including especially the P2P networks, having regard to technological developments and international regulations.

The Turkish music industry is in the medium range in global ranking, but with the country's young population and developments in the digital domain, it has potential. As of the end of 2013, there were around 34 million broadband internet subscribers and around 13 million mobile broadband subscribers. Furthermore, music producers can claim around 100 million TL in royalties, only for the exploitation of music in public spaces. Thus, Turkey is well positioned to climb up the global ranking in the years to come. But the producers say that they have difficulties in collecting these royalties, stating state that the procedures are inconvenient and costly. That is why the realized amount of royalties for the exploitation of music in public spaces is well below its potential.

Finally, Turkey is planning to align itself with the current developments in the European creative markets and the importance attributed to creative industries, to introduce new regulations for launching incentives and support mechanisms for improving the creative industries through fostering cultural diversity and creativity.

4.2.2 *Motion picture industry in Turkey⁷*

The history of 'Turkish film', which celebrates its centenary in 2014, originates from Fuat Uzkinay's film, *Ayestefanos'taki Rus Abidesi'nin Yıkılışı* (*Demolition of the Russian Monument in Ayestefanos*), shot in 1914, which was followed by a boom in production of motion pictures in the aftermath of World War I. In 1963, the production of the first color motion picture was produced and the subsequent years were characterized by continuous technical and artistic development that was facilitated by the new audio and visual instruments.

In 1966, the Turkish motion picture industry ranked fourth in the global production of feature motion pictures with 241 films made; the 1960s are therefore considered the golden age for the Turkish motion picture industry. In subsequent periods, the increased interest in television kept the masses away from cinemas, which closed down, and the motion picture industry entered into a process of shrinkage.

The Law on Cinematographic, Video and Musical Works was enacted in 1986 to regulate the motion picture industry. Awareness of cinema increased nationwide, thanks to the influence of the regulations made in the area of film festivals and cinema, with an increased importance at the government level; film festivals started creating their target audience while Turkish films also started competing in foreign festivals and won many prestigious awards.

Having faced a considerable shrinkage in the 1990s, the Turkish motion picture industry went through great changes in the 2000s with regard to technical equipment and in artistic terms. A younger generation of educated movie-makers graduated from film schools and the perspective created by them had a concrete influence on the industry.

The 'Law on the Assessment and Classification and Support of Motion Picture Films' was enacted in 2004 and this law was a milestone for the Turkish motion picture industry. Thanks to this law, the international system of assessment and classification was implemented; the number of films made and the audience numbers for locally made films increased substantially, and this increase attracted the interest of all the producers and created a momentum.

The General Directorate of Cinema, which was established as a service unit of the Ministry of Culture and Tourism of the Republic of Turkey on 02 November 2011, is the only body that is authorized in the field of motion picture and performs support, assessment and classification activities under four major categories, which are as follows: 'Project Support', 'Production Support', 'Post-Production Support' and 'Promotional Activities Support'. In addition to the General Directorate of Cinema, a number of collective management societies, associations and foundations in the country are also actively involved in the field of motion pictures. Members and executives of both institutions are highly qualified film-makers.

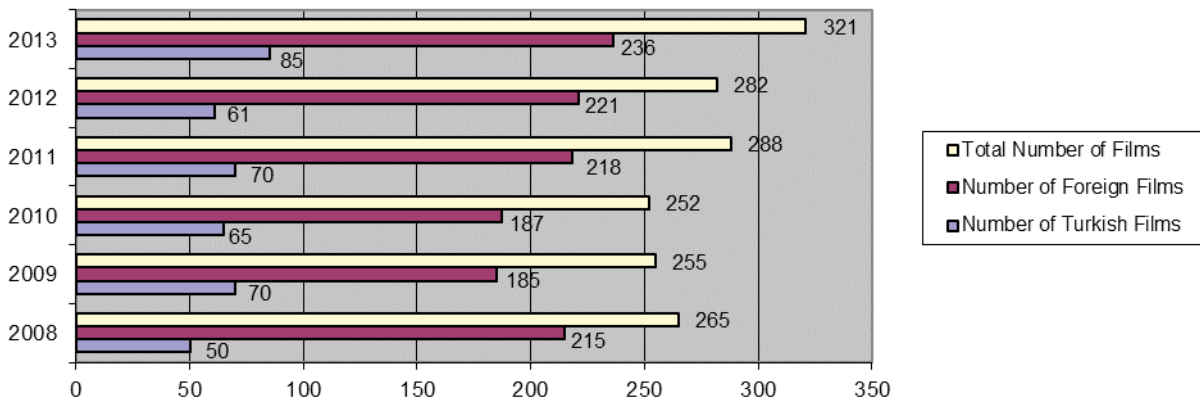
⁷ Contributed by the General Directorate of Cinema

The number of film productions and the audience for local films has increased notably every passing year, thanks to the support mechanisms created by the Ministry, and the supported projects have achieved successes at national and international level.

The General Directorate of Cinema provided a total support of US\$133,355,000 to the industry between 2005 and 2013. Thanks to this support, there was a revitalization in productions and the number of locally produced films went up to 85 productions in 2013, from 27 in 2005. In 2014, locally produced and foreign films were shown in 620 cinemas nationwide. The total seat capacity was well over 200,000.

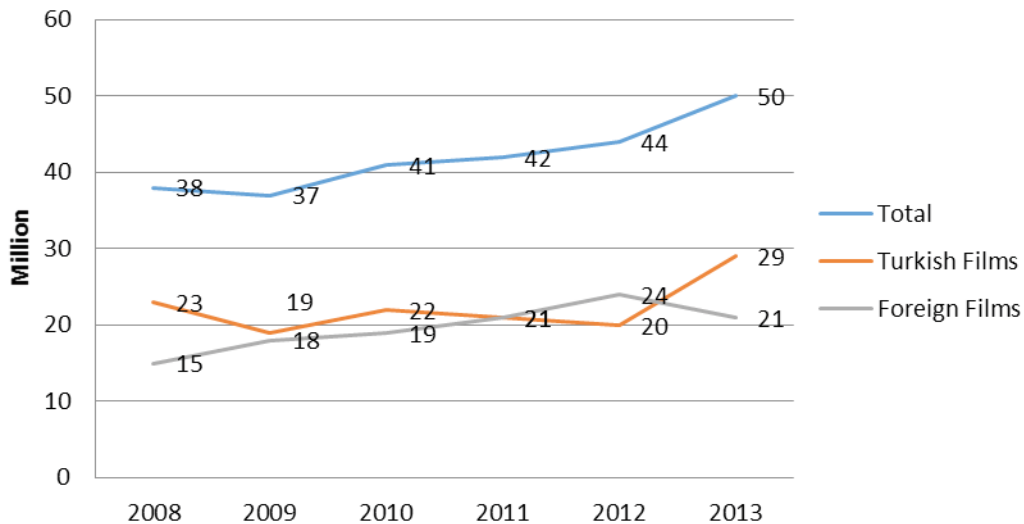
Audience numbers, which had been at about 42 million in the last 3 years, exceeded 50 million in 2013. The admission rate for Turkish films reached 58% with a total number of admissions of 28.9 million people. According to the data of the last five years, the country presently ranks first in Europe for total admission rates to watch locally-made films. Box-office proceeds reached 505 million TL in 2013.

Figure 4-3: Number of Films



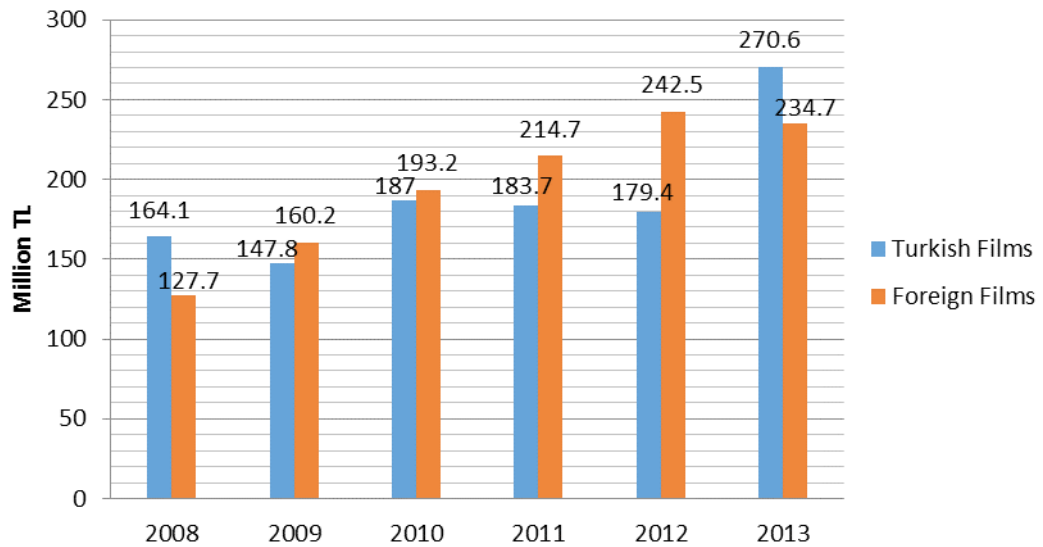
Source: General Directorate of Cinema Web Page

Figure 4-4: Audience Numbers



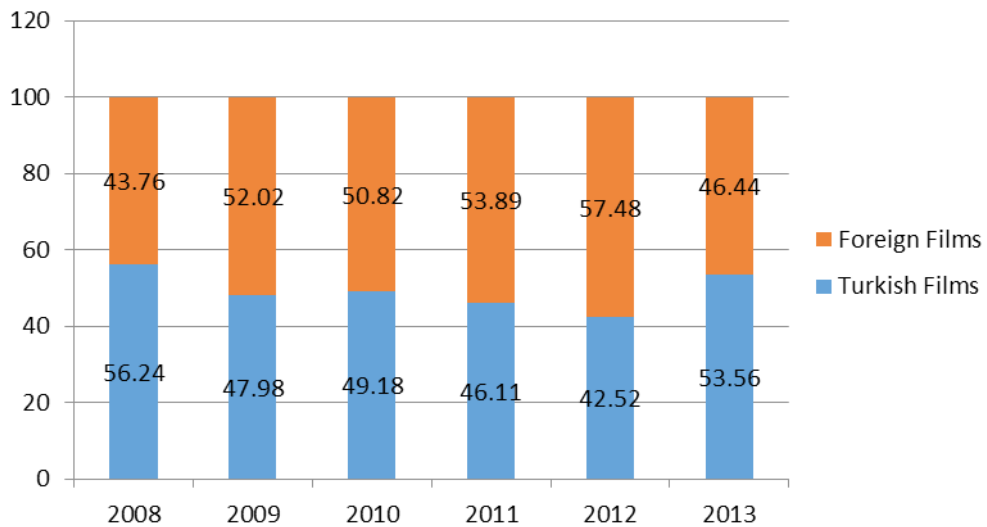
Source: General Directorate of Cinema Web Page

Figure 4-5: Box Office Proceeds



Source: General Directorate of Cinema Web Page

Figure 4-6: Percentage of Box Office Proceeds (%)

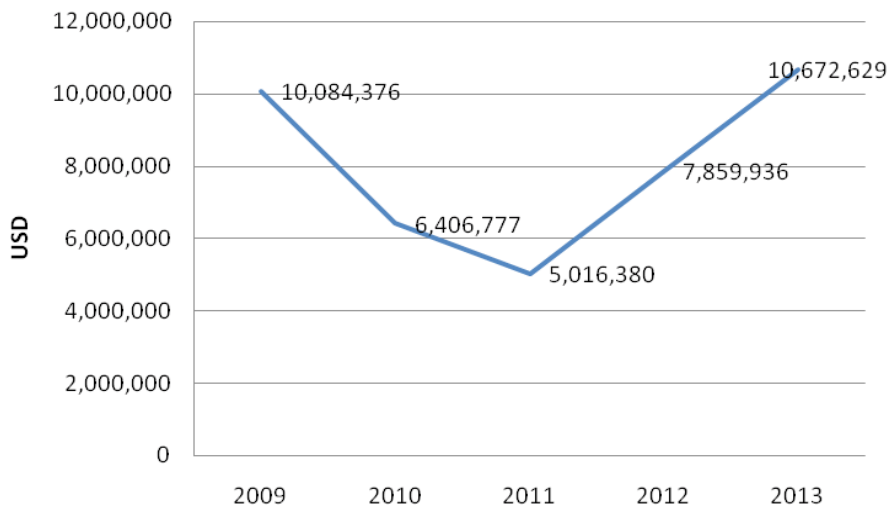


Source: General Directorate of Cinema Web Page

National TV series productions have also progressed considerably in recent years and have been exported to the world. National TV series draw interest in the countries where they are shown, and contribute remarkably to the promotion of the country. Over 70 TV series were exported to more than 50 countries in 2013. Turkey's annual exports of TV series exceeded 150 million dollars by the end of 2013; while the overall size of the motion pictures and TV series industries has already exceeded 2 billion dollars, considering these figures.

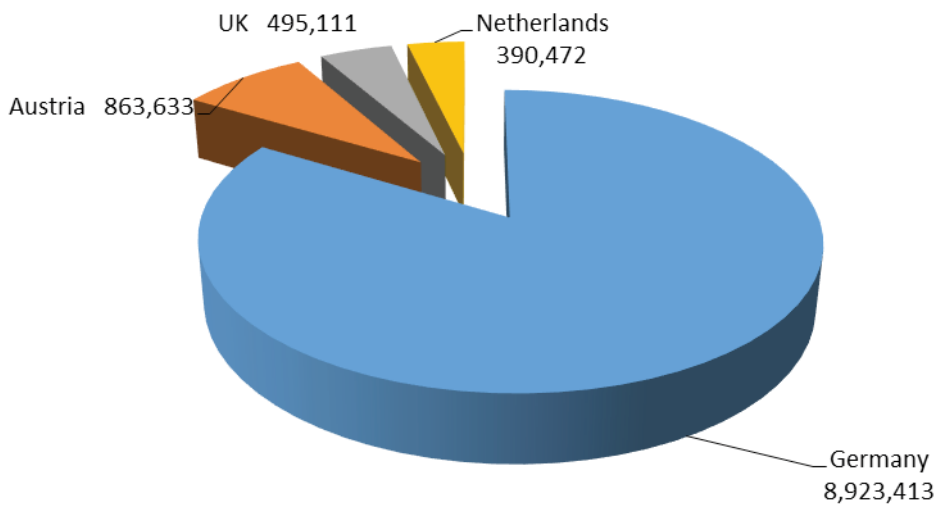
In recent years, a large number of Turkish films have won awards in major international festivals. The awards won by locally made motion pictures at the Cannes, Berlin and Venice Film Festivals, which are the most important festivals in Europe in this area, are particularly important. Awards were won in the categories of Best Director, for *3 Maymun (Three Monkeys)* (directed by Nuri Bilge Ceylan); Best Film, for *Bir Zamanlar Anadolu (Once Upon A Time in Anatolia)* (directed by Nuri Bilge Ceylan); and Best Short Film, for *Sessiz (Silent)* (directed by Rezan Yeşilbaş) at the Cannes Film Festival and in the category of Best Film, for *Bal (Honey)* (directed by Semih Kaplanoğlu) at the Berlin Film Festival; these awards stand out as a major indication of the latest achievements of Turkish cinema.

Figure 4-7: Box Office Proceeds of Turkish Films in Foreign Countries



Source: Box Office Mojo Web Page

Figure 4-8: Distribution Box Office Proceeds of Turkish Films in Foreign Countries (2013-USD)



Source: Box Office Mojo Web Page

Turkey, which has hosted numerous civilizations throughout its history, is ideally positioned to serve as a bridge between the continents and cultures, thanks to its culture, nature and tourist attractions. Turkey, where four seasons are prominent thanks to its geographic position, proudly hosts faith, culture, health care and sports tourism activities, and it has recently become a major attraction for foreign film producers as their shooting destination. Easy access to technical equipment and availability and quality of hosting services, as well as the diversity of shooting locations, make Turkey highly attractive in terms of film-making tourism.

Thanks to an incentive mechanism established under the coordination of the Ministry of Culture and Tourism and the Ministry of Finance, foreign producers shooting motion pictures in Turkey are eligible for a VAT (Value Added Tax) refund in respect of the goods and services they buy, and also the imports they make. With the introduction of this incentive mechanism, *Skyfall*, which was shot in Turkey in 2012 and managed to exceed \$1 billion in ticket sales, and *Argo*, which was also shot in Turkey and won the Best Picture Oscar in the 85th Academy Awards, played a significant role in promoting Turkey's attractions internationally. The final shots of yet another foreign film, *Ghost Rider 2*, in which the world-famous actor Nicolas Cage was the lead actor, took place in Cappadocia, Turkey. Shooting of the 40-million-dollar budget film, *Tinker, Tailor, Soldier, Spy*, with Tom Hardy as the lead actor, has just been completed in Istanbul. 2014 also witnessed local shooting

of *The Water Diviner*, produced by and starring Russell Crowe, famous for such films as *Gladiator* and *A Beautiful Mind*.

In addition to the VAT refund, efforts are underway for a regulation on the provision of unconditional support at a rate of between 5% and 25% of the sums spent by foreign producers while shooting their movies in Turkey. When the regulation is introduced, national and international support will certainly gain a new dimension.

The General Directorate of Cinema issues a filming permit for foreigners intending to shoot films in Turkey for commercial purposes. The process and procedure of obtaining the filming permit is relatively easier in Turkey compared to many European countries, as the permit may be issued on the day of application, provided that the required documents are complete at time of application.

4.2.3 Publishing Sector in Turkey⁸

In the 1990s, the publishing industry began gaining momentum in Turkey. This may have been due to easier access to advanced technology, addition to big business firms that started operating in the publishing industry. Several modern bookstores were opened in this period, like those in the developed countries, as part of a major drive by the publishing industry to offer their productions to the public.

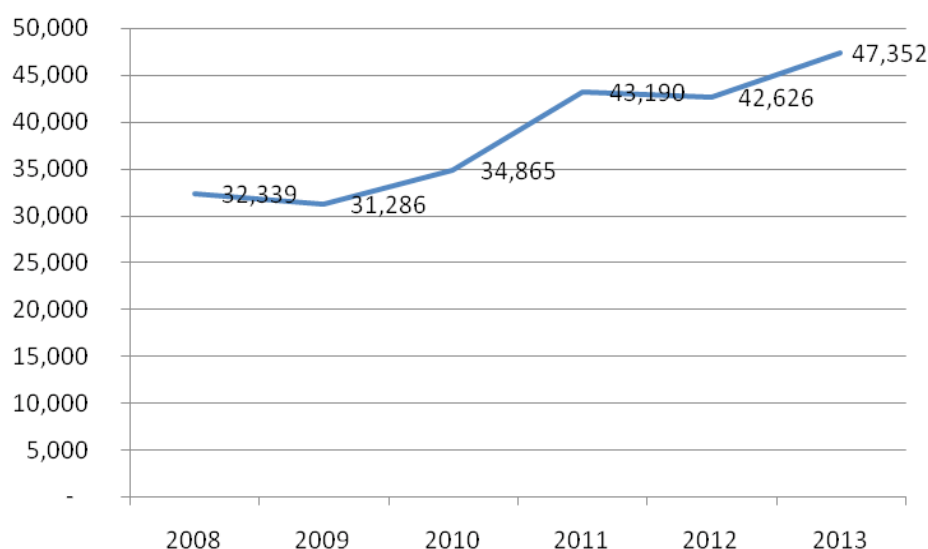
A National Publishing Congress has customarily convened regularly since 1939 to determine the requirements of the longstanding and deeply rooted publishing sector in Turkey, and to develop solutions and coordinating activities to that end. Representatives of relevant governmental bodies, Non-Governmental Organizations (NGOs) and industry constitute the core participants of the Congress. Furthermore, as the publishing industry has gained more power and developed, the Turkish Publishing Convention has started convening every two years since 2004, which is a sign of this development. The Convention, which is organized upon the initiative of the representatives of the industry, is attended by a large number of participants, who discuss current and major issues of the publishing sector and suggest solutions.

The Turkish publishing industry is able to adapt itself successfully to technological developments and establish close cultural and economic relations globally, as the industry maintains its efforts to open up to the world and Turkish publishing preserves its dynamic structure. The electronic publishing industry, which is under development, is growing by a substantial volume. Sales of e-books achieved a growth of more than 100% between 2010 and 2011, and this sector has subsequently maintained its growth at the same rate.

The Turkish publishing industry, which grew by 300% in the last decade in terms of the number of books published, also demonstrates an economic development comparable to this achievement. It must be kept in mind that the governmental incentives provided to the publishing sector have had a major part to play in this increase. Turkey applies VAT on books and e-books and electronic magazines and similar periodicals, at the rates of 8% and 1%, respectively. There is no further taxation on them. The government has further incentive projects for the publishing sector.

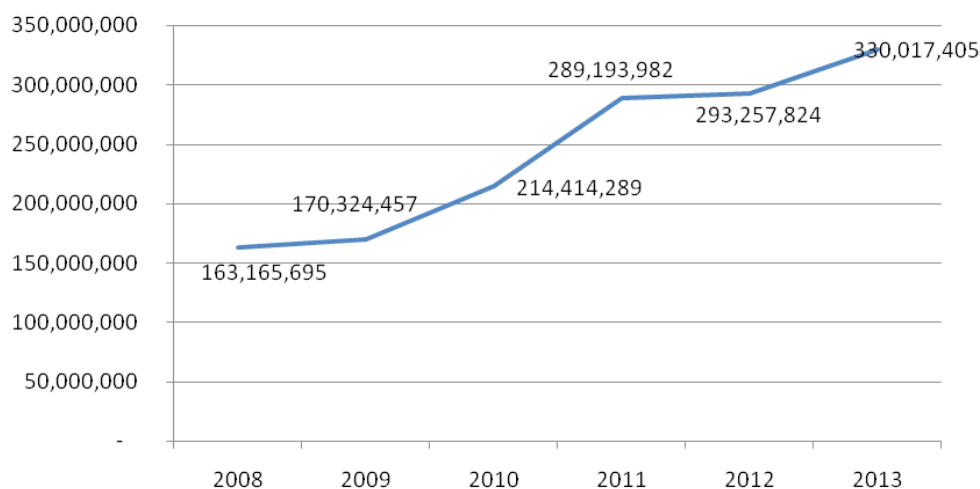
⁸ <http://www.turkyaybir.org.tr/komisyonlar/5-ulusal-yayin-kongresi-4-5-aralik-2009/408>
<http://www.turkyaybir.org.tr/komisyonlar/turkiye-yayincilik-kurultaylari-sonuc-bildirgeleri/389>
Türkiye Kitap Pazarı 2013, <http://www.basyaybir.org/turkiye-kitap-pazari-2013-cn270.html>

Figure 4-9: Number of Titles



Source: Turkish Publishers Association Web Page

Figure 4-10: Number of Control Marks



Source: Turkish Publishers Association Web Page

The project for the publication of Turkish cultural, artistic and literary works in foreign languages (TEDA) tops the incentives provided. Under TEDA, 1,351 subventions were provided for the publication of many works of Turkish literature in 54 different languages in 57 countries between 2005 and 2012. In addition, a 'Grant Programme for Supporting Literary Translation Projects of Publishing Houses' is implemented under the European Cultural Program. In addition to these, translation workshops are organized to strengthen and qualify the translation skills of the publishing industry through involving International Translation Funds and universities. Translation workshops make effective contributions to the Turkish publishing industry, accelerating the development of the industry through their productive work.

Moreover, the Ministry of Culture and Tourism started implementing a project in 2013, which provides for the extension of monetary incentives to authors intending to produce original literary works to develop Turkish literature. Following this incentive, which makes positive contributions to the working conditions of authors, literary circles have revived remarkably and the development of the publishing sector has gained fresh momentum.

Positive developments were also experienced in the field of book fairs, which was in line with the development of the publishing industry in Turkey. Istanbul Book Fair, which originally started with an ambition to become one of the biggest fairs in its region, increased its participants substantially within the last three to four years, thanks to the joint projects of the Ministry of Culture and Tourism and the Turkish National Organizing Committee for International Book Fairs. This fair has attracted the interest of many publishers, authors, copyright agencies, translators, etc., and more than 250 participants attended this fair in 2012.

As more and more works of Turkish authors have been translated into foreign languages within the last decade, the number of authors/copyright agencies working for the protection of copyright of Turkish authors in foreign countries has increased by 400%. Following this development, almost all the agencies began developing portfolios, thus commencing efforts for marketing the copyright of Turkish authors throughout the world, rather than buying the copyright of Turkish publishers. Development of the Turkish publishing industry has also become internationally apparent and Turkish publishers at high-profile international fairs are the obvious signs of this development.

The publishing sector, with its deeply rooted and longstanding history in Turkey, currently maintains its quest for solutions to the problems encountered in its efforts to take the industry to a higher level through its development speed and potential. To this end, the following efforts are underway:

- Ensuring concerted action between the government and private sector and developing joint policies to ensure the industrialization of the publishing industry;
- Developing resources for promotion of the NGOs in the publishing area, channeling these resources through the projects developed and conducting research into new markets upon development of the industry;
- Promoting membership of the publishing industry with international organizations and encouraging and supporting participation in events such as seminars, conferences, etc., to ensure follow-up on developments in the industry; and
- Training the participants of the publishing industry through relevant entities and organizations on EU funds as well as national and international support mechanisms and incentives available to the publishing industry.

4.2.4 *Radio and Television Broadcasting Industry in Turkey*⁹

Influenced by the developments that took place in Information Technologies, radio and television broadcasting contents have become richer, as data as well as sound and images have been added; thus, broadcasting content transmission methods and the physical infrastructure used in such transmission (satellites, cable, terrestrial media) have changed. According to the data of the Radio and Television Supreme Council (RTÜK), broadcasting is presently carried out in Turkey by 24 national television channels, 15 regional television channels and 209 local television channels, as well as 35 national radio stations, 98 regional radio stations and 926 local radio stations, including 50 radio stations broadcasting via satellite under licenses held by them.

The radio and television broadcasting industry has recently gained particular importance, not only for the production of communication content but also for its contributions to the economy. The advertising revenues of radio and television channels create substantial economic activity thanks to their volume.

In developed countries, the mass media deserves particular attention not only as a producer of communication content and information, but also as a contributor to internal economic developments along with its own economy. It is well known that in the media market, which is structured through private sector involvement, any mass communication tool and advertising industry contribute to advertising and marketing to allow national products and brands to find buyers. Advertising, which is the sole source of income for radio and television stations, constitutes a major business, thanks to the industry it builds on to help national products become brands and to generate sales revenues. The radio and television industry ensures a buoyant advertising industry through the advertising production it entails and communication of the advertisements

⁹ Türkiye Radyo ve Televizyon Yayıncılığı Sektör Raporu (Turkish Radio and Television Broadcasting Industry Report) 2013, Prof Dr. Peyami Çelikcan

to the public. Thus, it contributes to the development of a domestic shopping system through the economic activity it fosters. This has an influence not only on production and consumption, thereby GNP per capita, but also on the development of national brands through media, which is instrumental in marketing goods, services and ideas.¹⁰

Economic fluctuations in 2008 had a direct effect also on radio and television advertising investments in 2009, and as a result, total investment declined by a rate of 17.45% compared to the previous year. However, as the implications of global crisis in the Turkish economy did not prove as deep as expected, the rates of advertising investment gained a remarkable momentum of increase from 2010 onwards.

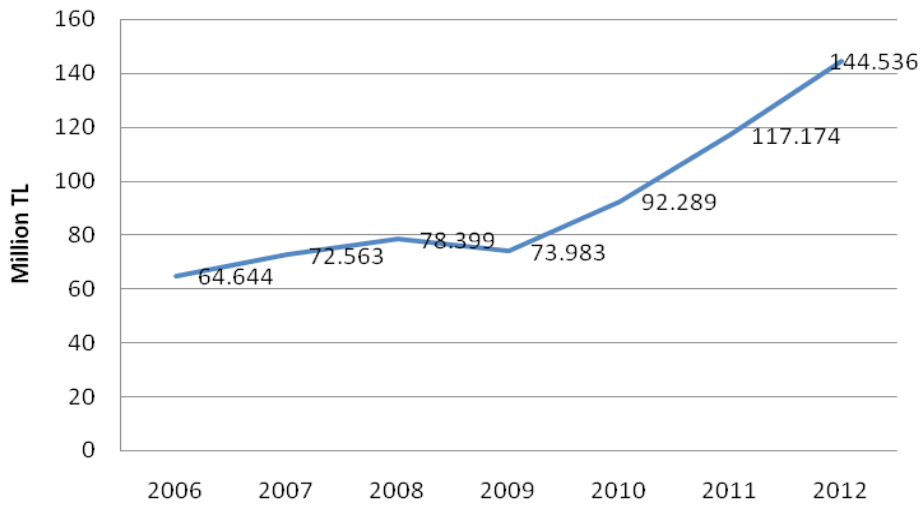
Advertising investments, which were recorded with a 15.72% increase in 2010, achieved a major peak by rising at 30.43% in 2011; in 2012, the sector saw a stable trend of increase at 28.07%. According to RTÜK data for 2012, total radio and television advertising investments reached a level of 2,518,435,295 TL in 2012.

Given the fact that the global advertising investment increased at an average rate of 3.7%, it must be underlined that the 24.74% increase achieved in Turkey during 2010-2013 is a particularly positive development.

Radio Advertising Investment

Based upon a comparative analysis of the RTÜK data for 2012 and data for the previous years, the following trends have been identified:

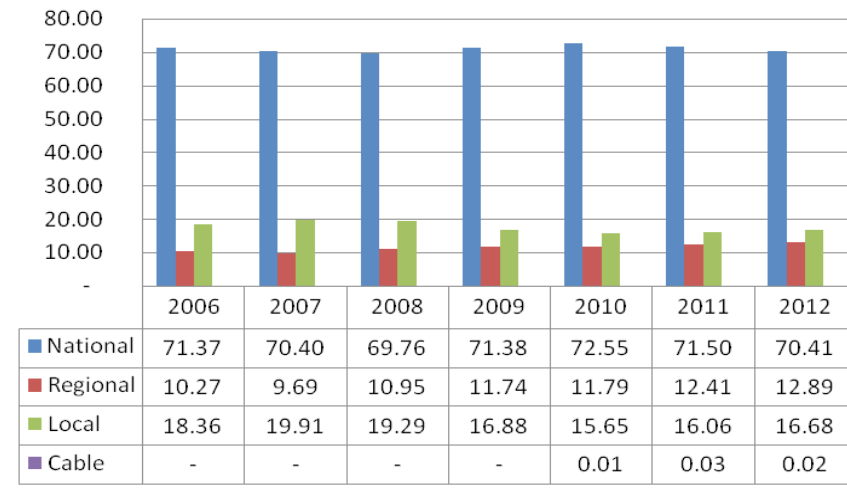
Figure 4-11: Radio Advertising Investment



Source: Turkish Radio and Television Broadcasting Industry Report, 2013, Prof.Dr. Peyami Çelikcan

¹⁰ 2009, 2010 ve 2011 Yılı Reklam Verileriyle RADYO ve Televizyon Yayıncılığı Sektör Raporu (Radio And Television Industry Report on the Basis of Advertising Data for 2009, 2010 and 2011), Doç. Dr. Can Bilgili

Figure 4-12: Share of Radio Advertising Investment (%)



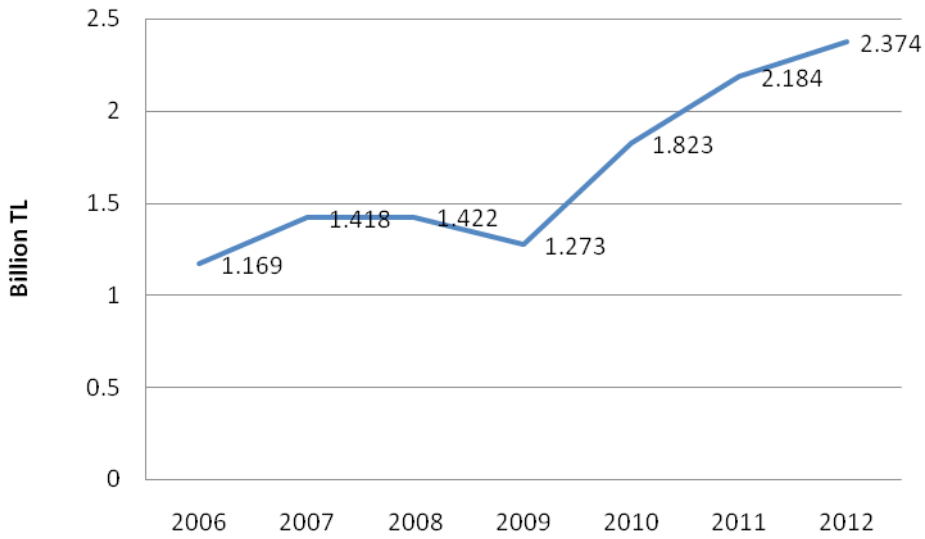
Source: Turkish Radio and Television Broadcasting Industry Report, 2013, Prof.Dr. Peyami Çelikcan

1. Radio advertising investments show a trend of increase over the years.
2. This trend of increase has become stable at an annual average rate of 25% in the last three years (2010-2012).
3. Radio advertising investments increased globally at a rate of 2.9% in 2011. The rate of increase in national radio advertising investment was much higher than the global rate of increase.
4. The total volume of radio advertising investment reached 144,536,400.10 TL.
5. Although the rate of increase in radio advertising investment in Turkey was higher than the global rate of increase, the investment volume was lower compared to other countries.
6. Analysis of radio advertising investment on the basis of licenses showed that 70% of the total investment was made by national radio channels, while the remaining 30% was claimed by local radio stations with 17% and regional radio stations with 13%.
7. As local radio stations tend to generate higher advertising income than regional radio stations, it may be stated that the national and local radio stations will increasingly be sharing advertising investment. Data currently available show that national radio stations are top priority for advertisers, and local radio stations are their secondary preference.
8. Analysis of the data on sponsorship investment, apart from radio advertising investment, indicates that although the sponsorship investment in 2011 and 2012 increased at 9.78%, sponsorship investment does not yet constitute a major source of income for radio stations, in terms of the total volume.
9. The volume of sponsorship investment totaled 15,179,848 TL in 2011, whereas in 2012 this figure was 16,665,892 TL.

Television Advertising Investment

Analysis of 2012 advertising investment data provided by RTÜK showed that the total volume of television advertising investments reached 2,373,898,895 TL. While the world has experienced a trend of decline in advertising investment since 2008, Turkey has sustained its increasing trend, which underlines the reassuring character of the economic situation in Turkey.

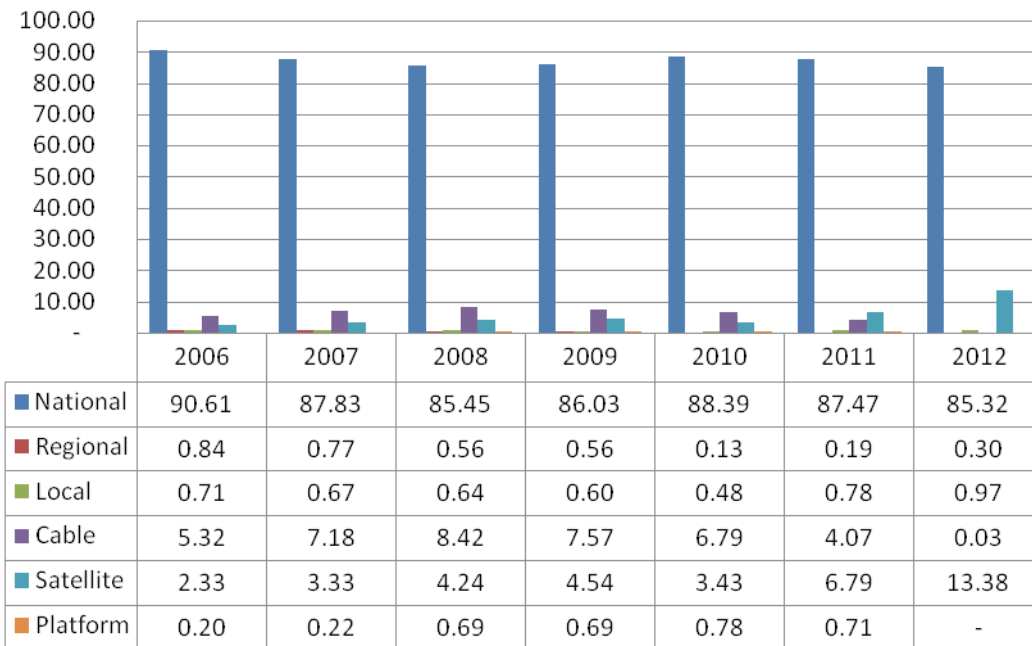
Figure 4-13: Television Advertising Investment



Source: Turkish Radio and Television Broadcasting Industry Report, 2013, Prof.Dr. Peyami Çelikcan

1. The change in television advertising investment saw fluctuations before 2009, resulting in a decline of 10.48% in 2009. This decline, arising from the panic caused by the global crisis, was compensated by a steep rise of 43.23% in 2010.
2. Upon an analysis of the data for 2011 and 2012, it has been found that the increase amounted up to 189,551,522.90 TL in television advertising investment. It must be underlined that the increase of 8.68% that took place in 2012 was substantial, given the effects of the global crisis.
3. Upon an analysis of television advertising investment on the basis of license types, it is observed that the national television channels claim a controlling share of advertising investment – as high as 85%.

Figure 4-14: Share of Television Advertising Investment (%)



Source: Turkish Radio and Television Broadcasting Industry Report, 2013, Prof.Dr. Peyami Çelikcan

4. Unlike the picture drawn by the data on radio advertising investment, the share of local and regional channels in total television advertising investment accounts for 1%.
5. It was found that the share of channels with satellite licenses had increased within total television advertising investment. The share held by satellite television channels, which was 7% in 2011, increased up to 14% in 2012. Given the fact that some of the channels with satellite television licenses are local and regional channels, it may be commented that local and regional television channels can have advertising revenues only if they broadcast via satellite transmission.
6. Although the advertising investment shares of the cable television channels and platform channels, which are included in television licenses, appear to have declined, their advertising revenues are maintained, though to a limited extent, due to the increasing inclusion of such channels in satellite licenses.
7. The cable and platform channels had a share of 5% in advertising revenues in 2011, but this rate was recorded as zero in 2012, as they were included in satellite broadcasting.
8. Television advertising investment is predominantly claimed by the national channels (85%) and also by the satellite channels (13%) which are enjoying an increasing trend.
9. Television sponsorship investment also attracts particular attention as an individual revenue item as of 2011. Sponsorship investment totaled 143,505,230 TL in 2011. This sum declined in 2012 to 130,995,405 TL.
10. The share received by the national television channels from sponsorship investment was 83%, whereas it declined to 77% in 2012.
11. As the share received by the national television channels from sponsorship investment declined, the share of the satellite channels increased from 7% to 16%.

4.2.5 Software Industry in Turkey¹¹

Software, which has become an integral part of daily life at every single stage from generation of information to its effective processing and use, is of vital importance in view of its social and economic effects; and the industry where such software packages are produced, commercialized and marketed is of vital importance for the future of information-based development in particular.

It is also true that the use of Information and Communication Technologies (ICT) fosters growth, competitiveness and employment and enhances the quality of life. Since it is an industry that creates the highest number of jobs and maximum value added with minimum investment, the software industry may be defined as the new development force of the economy. The value added generated by software has major effects on exports and competitiveness in other industries, Research and Development (R&D) activities, GDP and increased employment. Besides, the software industry is one of the industries with major contributions to R&D activities.

The value added generated individually by software to the national economy ranges between 1.5% and 3% on the OECD average. A 22% ICT investment generates 58% productivity. Expenditure on software products and software services amounts to up to 258 billion Euros in the EU Member States, and this expenditure accounts for an average of 2.6% within the GDP of Member States. Software investments made in the OECD countries have helped the countries to increase their GDP by an average of 0.5 to 2.7%.

The Turkish information technologies market is dominated by hardware, which claims a share of 39% in total information technologies expenditure globally; this rate is almost 81% in Turkey. Software and services account for 19% of the information technologies market. This hardware-controlled composition is expected to change, with the industry growing further in the area of software and services.

¹¹ <http://www.baka.org.tr/uploads/1357649691YAZILIM-SEKTORU-RAPORU-3ARALIK.pdf>
http://www.sde.org.tr/userfiles/file/TURKIYEDE_YAZILIM_%20SEKTORU.pdf
<http://www.yasad.org.tr/RaporDetay.aspx?id=15>

Compared to other sectors, the software sector employs the youngest labor force. Developments in the software sector also contribute to the reduction of unemployment in Turkey, as it offers significant opportunities for youth and women's employment.

In recent years, the software sector has been one of the leading sectors, with a rapidly increasing potential. It is one of the advanced technology sectors and it offers innovative products and services to both domestic and foreign markets in line with the rapid advancements in recent years.

According to the 'Software Industry in Turkey' report published by the Turkish Software Industrialists Association (YASAD), 2300 software companies operate in Turkey. Among them, 1060 operate in the 37 Technology Development Regions. 46% of the software companies are based in Istanbul, while 20% are based in Ankara. The Istanbul market is dominated by companies developing system software, mobile software and applications, whereas companies based in Ankara focus on security and defense software, as well as software for public bodies. Software companies based in Izmir predominantly offer software applications.

As indicated earlier on in this study, Turkey's software exports reached US \$265 million in 2011. This figure reached US \$479 million in 2012. The figures for 2013 have not yet been declared, but the expected figure is around US \$650 million. Turkey aims at reaching US \$1 billion in software exports by the end of 2015. According to the most recent data, around 100 companies from Turkey export software to 50 countries and 12 free zones. Turkey's neighboring regions, such as the European Union, Northern Africa, the Middle East, the Caucasus and the Turkic Republics of Central Asia offer a remarkable potential for software exports and it is expected to utilize this potential to reach the target export figures.

In addition to potential countries of export, the 1.5 million SMEs in Turkey are also potential users of information and communication technologies. Most transactions in Turkey are performed by e-applications. It is expected that the SMEs will use these applications ever more widely and this will potentially foster the domestic market. In addition, government also has e-application projects and these projects are implemented according to a schedule. It can easily be said that there is an e-transformation activity in both private and public sector in Turkey in recent years.

Thus, the software sector is considered to be likely to make significant contributions to the GDP, export figures and employment in Turkey in the years to come.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

In this study, the legal and institutional framework related to copyright in Turkey has been examined. Then, the contribution of copyright industries to the Turkish economy has been assessed, based on statistical evidence. Having completed these, information and recent trends with regard to selected copyright industries have been presented. This section of the study presents conclusions concerning the legal and institutional framework, the economic contribution of copyright industries, and development in selected sectors.

The legal and institutional basis for the intellectual property system, which has been in place in Turkey for more than one hundred and fifty years, was completed in the last two decades. Bodies in charge of establishing and enforcing the rights were established (for example, the Directorate General for Copyright, specialized bureaus in police departments, Provincial Inspection Commissions), the relevant legislation was streamlined, and a specialized judicial system (specialized bureaus in prosecutors' offices and specialized courts dealing with copyright offences) was developed. In this sense, we can say that Turkey has a legal and institutional framework consistent with world standards. However, the system is constantly changing, due to its dynamic structure. New types of rights arise as enforcement tools are developed to deal with them, and all is covered by international regulations. All of these recent developments are also followed by the Turkish authorities and the legal and institutional framework is constantly updated in accordance with international developments and European Union regulations.

What really counts for Turkey is ensuring that authors, businesses and producers are better informed in this respect, so that their awareness of the benefits of the system can be enhanced. In addition, users should be encouraged and supported to make better use of the instruments offered by the system.

Furthermore, existence of an effective intellectual property system has a direct effect on development. The new mode of production created by the information economy consists of information-based products with higher value added, all of which require effective protection. Effective protection of intellectual property and effective efforts to fight against piracy are factors directly influencing growth in the national economy. Today, piracy, in other words, theft of labor, is detrimental not only to cultural and artistic life but also to the national economy. Due to the informal economy, the government suffers tax revenue losses amounting up to billions of lira, which leads to a stagnation in the country's international competitiveness in areas such as music, cinema and software, which are indispensable for both the national economy and cultural life.

At this point we must state that, despite all the efforts to prevent piracy, we cannot say that the desired results have fully been achieved. There are several reasons why piracy is still a major problem. First of all, public awareness regarding the harms of piracy has not been fully raised. People still buy pirated materials and they are reluctant to inform the authorities when they detect piracy. Second, right holders whose moral and economic rights have been infringed mostly do not bring any legal action against the infringer to cease the infringement, because of the high cost of legal representation. Third, the judicial process takes a long time and this situation erodes the deterrence. Also, measures designed to prevent digital piracy, which is one of the major problems of music sector, have not yet been proved to be very effective.

As for the contribution of copyright industries to the economy, statistical analyses revealed that, contrary to our expectations, economic contribution of copyright industries is not at a desired level. Especially, the economic contribution of core copyright industries is relatively low. Although the overall contribution of copyright industries is greater than some important sectors, we believe that the contribution of these industries must be improved.

There are several reasons why the contribution of copyright industries is not at a desired level. First of all, the structure of the Turkish economy plays an important role. Turkey has large agriculture, manufacturing, construction and real estate sectors and most of the contribution to GDP comes from these sectors – especially the manufacturing sector, which is the top contributor to GDP. The automotive, food and beverage, basic metals, non-metallic minerals, fabricated metal, machinery and equipment, and chemicals industries have substantial economic size in terms of value added (the apparel, textile and footwear sector also occupies

an important position in manufacturing. But it is a copyright sector). The size of these sectors dominates the size of the core copyright industries and makes the contribution of copyright industries relatively low. Manufacturing industries are also relatively more mature than core copyright industries. We cannot say that the industrialization of core copyright sectors has been fully achieved. Secondly, the expenditure pattern of households is important. As stated above, consumption of the goods and services produced by core copyright industries is relatively low in Turkey. Cinemas and theaters are not evenly distributed throughout the country and they are concentrated in certain regions. This situation also affects the size of these sectors. Thirdly, as stated above, although it is declining, piracy is still a problem in the press and literature, motion picture and video, and music sectors and affects the size of these core copyright industries. Digital piracy is especially a major problem in the music industry since digital sales have become more and more popular. Fourthly, copyright collective management societies have some difficulty in collecting copyright remunerations for the performance of musical works in public spaces; this causes a loss in revenue.

Although the contribution of core copyright industries to GDP is relatively low, there is a remarkable pattern of growth in the software and databases, radio and television, and motion picture and video industries. The growth in the motion picture and video sector is especially striking. Turkey's TV series exports are increasing and reached 150 million US dollars in 2013. Turkish TV series are broadcast in more than 50 countries. The audience numbers in the motion picture industry, which were around 42 million in the last 3 years, exceeded 50 million in 2013. The admission rate for Turkish motion pictures reached 58%; according to data from the last five years, Turkey presently ranks first in Europe with regard to the total admission rates for locally made films. As a result of the increasing preference of the Turkish audience for local films, the number of productions has also increased. However, we have to point out another finding here: although Turkish TV series are exported in increasing numbers, we cannot say the same thing for Turkish motion pictures. Turkish films have won international awards but this success has not yet been commercialized. Very few Turkish films are on screen worldwide and they are generally shown in countries where there is a large Turkish population, such as Germany and Austria.

E-applications in both public and private sectors are increasing very rapidly and this increase offers tremendous opportunities for the software and databases industry. Also, the exports of the industry are increasing to a striking extent. Nevertheless, experts in the sector say that Turkey is importing a huge amount of software; industry experts point out that if users' perception changes concerning local products and if they demand more and more local products and services, the contribution of this sector to GDP will improve.

We can say that the software and databases, motion picture and video, and radio and television industries in Turkey have tremendous growth potential that must be exploited. Growth in the radio and television sector also positively affects the advertising sector.

Mixed codes, data from public sector institutions, and foreign trade data were the main statistical difficulties encountered during the study. The problems of mixed codes and data from public institutions were easily handled, but foreign trade data remained the major problem, because official statistics related to collections from foreign entities and payments to foreign entities concerning copyright were virtually non-existent. We had to rely on expert opinions and data from associations and societies to come up with the export and import figures. Also, the I/O tables provided by TURKSTAT were very old and for this reason we could not perform multiplier analyses; however, TURKSAT is preparing new I/O tables, so we expect that future studies will contain multiplier analyses.

The Tenth Development Plan states as one of its primary objectives to increase the contribution of intellectual rights and their works to the development process. In that sense, the Plan accepts that copyright industries are among the growth axes of the country in the 21st century. It is also stated in the Development Plan that the 'contribution of the products and works covered by intellectual property rights to the national economy will be determined, monitored and evaluated, and information and data infrastructure will be strengthened.' Thus, determination of the value added generated within the national economy can be considered as a major parameter for use in making policies in this area. This study contributes to the implementation of the Development Plan by assessing the economic contribution of the copyright industries, proposing a methodology for the further studies to monitor the developments in economic contribution of copyright industries, and highlighting the statistical difficulties.

5.2 Recommendations

We can recommend some policies and actions in order to improve the economic contribution of copyright industries. Turkey wants to advance to a high income level country from a middle income one. High value added sectors such as core copyright industries should be encouraged and supported in order to achieve this objective. Increase in the value added of core copyright industries also directly affects economic growth. The following recommendations are intended to achieve this objective.

As explained in the conclusions, although there is an adequate legal framework and effective enforcement, piracy is still a major problem for the press and literature, motion picture and video, and music sectors. Public awareness concerning piracy should be raised: in this regard, education plays an important role. At every level of education, the harms of piracy should be stressed and it should be clearly stated that piracy is a crime that is prosecuted like any other crime. Every type of media should also be used to raise public awareness related to piracy. Procedures in the courts should be sped up and the punishments (fine or imprisonment) should be deterrent. Training programs should be organized for members of the judiciary assigned to the prosecutors' offices and courts dealing with piracy offences. Also, special legal arrangements are necessary to fight digital piracy.

The legal capacities of the copyright collective management societies should be strengthened so that they can provide better legal assistance to their members when they encounter right infringements. We believe that effective deterrence is of utmost importance in the fight against infringements (including piracy). If this is accomplished, the economic contribution of certain core copyright industries will increase.

Procedures should be simplified and costs should be reduced to a reasonable level for the copyright collective management societies, in order to enable them to collect remunerations for the performance of musical works in public spaces.

Some measures should also be taken to increase the demand for copyright goods and services. Education policies are necessary to encourage children and young people in particular to acquire the habit of reading (especially cultural and literary publications) and to participate in cultural and artistic activities. If this is accomplished through education at an early age, then the interest of the population in the works of the core copyright industries will increase. This leads to an increase in demand for such works.

The copyright sectors should be industrialized in the same way as the manufacturing sectors and other service sectors. Government should also recognize these sectors as distinct industries and devise special incentives for their development. There should be special incentives to encourage investment in the digital area in the music industry and to encourage the international commercialization of Turkish motion pictures. Of course, content is very important for motion pictures to be accepted by a global audience and special incentives will encourage the producers and authors to come up with appropriate content. Likewise, there must be special incentives to encourage the export of TV series and formats.

The advertising revenues of regional and local radio and television channels are very low. Measures should be taken to increase their advertising revenues; in particular, a certain portion of public announcements by government authorities can be allocated to regional and local channels. Financial support should also be given to regional and local channels in order to enable them to build common transmitters and antennas, and digital broadcasting infrastructure.

Finally we would like to point out another aspect of the study that requires the attention of the policy-makers. Among the core copyright industries, the radio and television sector has the highest value added. The motion picture and video sector is the fastest growing. Some of our recommendations target increased contributions from these sectors and special attention must be paid to these sectors, because of their high performance and also the growing interest of the population in their products. On the other hand, photography has the lowest value added among the core copyright industries, mainly because of the lack of interest of Turkish people in this sector; special measures, especially through education, should be taken to promote the interest of the population. Among the interdependent copyright industries, the computers and equipment sector has the highest value added, because Turkish people are highly interested in this kind of equipment; but the local content in computers and equipment must be increased in order to improve the value added. The musical instruments industry has the lowest value added among the interdependent copyright industries and this situation stems from the fact that the society generally is not interested in playing musical instruments

and most of these instruments are imported. If young people are motivated to play a musical instrument during their education, the interest of the population will increase accordingly and local businesses will be encouraged to invest in manufacturing musical instruments. As for the partial copyright industries, the highest contribution to value added comes from apparel, textiles and footwear, which is traditionally one of the important sectors in Turkey. Original designs must be encouraged in order to increase the copyright factor of this industry. The toys and games industry has the lowest value added among the partial copyright industries: most toys and games are imported, because it is cheaper to do that. Special incentives must be given in this sector to encourage creativity and compete with imported products.

TURKSTAT is aware of the statistical hardships concerning cultural industries and foreign trade data. For this reason, TURKSTAT has initiated a study to better compile cultural statistics and related foreign trade data, in conjunction with the Ministry of Culture and Tourism, and Ministry of Economy. This study is about to be finished as this report is being finalized and TURKSTAT experts say that they will be able to provide these statistics in a year.

The Ministry of Culture and Tourism is committed to repeating this study in the future with new data and monitoring the economic trends in copyright industries. We believe that, with the experience gained in this study and with better statistics, government authorities and sectors in Turkey will have valuable data for developing policies and business plans.

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Annexes

Annex 1 Tenth Development Plan (2014-2018) and Policies on Intellectual Property Rights

1.1 Development Plans

The Development Plans are of utmost importance as top level policy documents setting forth national development policies; targets and policies for protection and use of intellectual rights in addition to economic and social policies have been incorporated into the Plans since the start of the 1990s. Based on an overall assessment, the major service provided by the Development Plans regarding the protection of intellectual rights has been to provide guidance to the relevant public entities and private sector concerns on future potential developments and to indicate problems and proposed solutions in light of the studies of the *ad hoc* committees having broad participation.

Development Plans are prepared by safeguarding an understanding of participatory planning and inter-sectoral balance from an holistic view in compliance with the long-term targets. Comments and recommendations from various segments of the public on economic and social policies and targets, channeled through the *ad hoc* committees formed during plan preparations, are reflected in the Development Plans.

Ten Development Plans have so far been prepared under the planned development studies, which were first initiated in the country in the 1960's. The Tenth Development Plan will cover the period between 2014 and 2018 and is aimed to ensure national convergence on the 2023 Long Term Strategic Targets.

It is the fundamental objective of the 2023 Long Term Strategy to claim a higher share of global production through transformation to an information society, and thus to improve social living standards. The Strategy primarily pursues the objectives of including the country among the World's top ten economies on the centenary of the Republic, attaining a GDP of US\$2 trillion and a per capita income of US\$25 thousand, increasing exports to US\$500 billion, cutting back the rate of unemployment to 5 per cent and helping R&D activities to claim a share of 3 per cent in GDP.

1.2 The Tenth Development Plan (2014-2018)

The Tenth Development Plan, covering the period between 2014 and 2018, is prepared in line with Turkey's 2023 targets and has been designed to embody elements such as rule of law, information society, international competitiveness, human development, environmental protection and sustainable use of resources.

The preparatory process for the Tenth Plan was launched upon the Prime Ministry's Communiqué of June 5, 2012, and was ratified by the Turkish Grand National Assembly (Parliament) on July 2, 2013 following approval by the Supreme Planning Council and Council of Ministers (Cabinet).

The Tenth Development Plan pursues the objectives of accelerating the development process and raising the level of public welfare by setting the national potential, regional dynamics and citizens' abilities into full motion.

The Tenth Development Plan sets forth the critical areas of intervention through transformation programs, in addition to its coverage of economic, social, industrial and regional areas by placing the strategic viewpoint in the center. A couple of critical areas of reform, which could provide solutions to the national basic structural problems and make contributions to the transformation process, have been identified through 25 priority transformation programs aiming at enhancing implementation effectiveness of the plan; besides, an implementation mechanism and tools of intervention and responsible agencies have been centrally identified for such programs.

The Tenth Development Plan has been based on four major footings – qualified individuals, strong society; innovative production, stable high growth; liveable places, sustainable environment; and international cooperation for development.

The title, ‘qualified individuals, strong society’, incorporates policies to be implemented to set in motion the approach of development ‘for people, together with people’ and extending development across different social segments. In this framework, compatible and integrated policies will continue being implemented in areas such as basic rights and freedoms, democratization, justice, education, health, culture and arts, labor, social security and public management, to reach a stronger and more prosperous social composition and strengthen human capital.

The title, ‘innovative production, stable high growth’, sets forth the policies and targets for structural transformation in production and increased welfare. A growth strategy has been adopted based on development of an export-oriented and competitive production composition, under the leadership of the private sector, through increased efficiency and accelerated industrialization in line with the fundamental objective of stable and high growth. Accordingly, policies have been identified to increase employment and productive investments, reduce current accounts deficit and increase domestic savings, in addition to policies for the preservation and consolidation of macro-economic stability. These policies have been complemented by the industrial policies as well as by policies for the development of technological and innovative capacities and are thus targeted to transforming the economy into an innovative composition whereby its dependence on imports is reduced. This transformation process is expected through increasing capacity for innovation and integrating innovations with current production composition in Turkey.

‘Liveable places, sustainable environment’, which is the third title of the Plan’s targets and policies, incorporates the policies and targets for increasing the social and economic benefits of environmentally sensitive approaches, enhancing citizens’ living quality in urban and rural areas in a sustainable manner and, last but not least, reducing inter-regional development differences accordingly. It aims to improve competitiveness by strengthening socio-economic compatibility and ensuring overall development and making proper use of the potentials of the regions and cities. It is thus primarily envisaged to develop standards for basic living quality in settlements, facilitating access to the markets and public services by improving the utilities of transport, logistics and communication, particularly in low income regions and cities, and reinforcing integration of the developed regions and cities into the global economy.

Under ‘International Cooperation for Development’, support is to be extended to the development efforts of the countries with which the country has close cooperation, particularly those countries in the region which are presently in the process of transformation.

1.2.6 Basic Objectives and Principles of the Plan

The target is to increase GDP to \$1.3 trillion, would raise per capita income to \$16 thousand, increase exports to \$277 billion, and reduce the rate of unemployment to 7.2 per cent by 2018. These targets are to be achieved through increased capital accumulation, accelerated industrialization, increased domestic savings and efficiency of production factors and lower current accounts deficit.

It is further targeted to develop a social setting where citizens of Turkey can have self-development and lead a free, healthy and secure life with high standards, so that they can live happily, prosperously and in dignity.

Turkey aims at helping urban and rural areas to offer better business opportunities and living spaces according to their specific conditions and characteristics.

The target is to rely on the principles of being human-focused, participation, inclusion, accountability and transparency to develop an ownership of the development process on a political and social level and maintain it through an integral approach.

1.2.7 Intellectual Property Rights

The policies in connection with intellectual property rights are covered under the title, 'Innovative production, stable high growth', of the Tenth Development Plan. The primary objective of this section is to increase the contribution of intellectual rights and their products to the development process by setting up an effective, extensive and socially adopted system of intellectual property rights for the protection of intellectual property and use of relevant rights.

The target is to ensure that, by the end of the Plan period, the number of local patent applications will have reached 16,000, with their share in total applications rising to 55 per cent, as Turkey's international patent applications go up to 2,140.

The policies formulated to attain such basic objectives and targets are divided into some axis such as developing human and institutional capacity, ensuring effective utilization of intellectual rights system by businesses, ensuring commercialization of intellectual rights, increasing the number of promotion, training and awareness building activities and strengthening the information and data infrastructure of the intellectual rights system. They are expressed by the Plan as follows:

- Adequate human and institutional capacity will be developed in the governmental units in charge of intellectual property rights protection, and supervision, particularly in the judiciary, customs authorities and law enforcement.
- Service capacity will be developed in the technology transfer and innovation centers in order to ensure that businesses use and support the intellectual rights system more effectively.
- Effectiveness of present mechanisms on the commercialization of intellectual property rights will be further enhanced.
- Public awareness will be enhanced through promotion and training activities for building public awareness on the intellectual rights systems at all levels.
- Contribution of the products and works covered by intellectual property rights to the national economy will be determined, monitored and evaluated, and information and data infrastructure will be strengthened.

1.3 Priority Transformation Programs

'Priority transformation programs' are designed for critical areas of reform, which hold particular importance for attaining the objectives of the Tenth Development Plan, can serve as solutions to basic structural problems, can make contributions to the transformation process, generally fall in the demarcation of several ministries, and call for effective inter-agency coordination and responsibility. Among such programs, the 'Program for Commercialization in the Priority Technological Areas' and 'Program for Technological Development and Local Production Through Public Procurements' are of immediate interest to innovations, R & D activities and intellectual property rights.

1.4 Program for Commercialization in the Priority Technological Areas

Although significant progress has been made in increasing and extending R&D activities in Turkey, there is a particular need for development of the commercialization component of new technological production, starting from basic research and extending to the stage of putting the products in the market. Accordingly, the following goals are pursued within the planning period: implementing the commercialization program in priority technological areas and increasing the amount of technological products and brands in the priority industries through this program; training qualified researchers and fostering employment in the private sector; increasing the number of research centers as well as incubation, acceleration, technology and innovation centers; making the technological development zones industry-oriented; developing innovative entrepreneurship and increasing technology transfer interfaces.

1.5 Program for Technological Development and Local Production through Public Procurements

As priority is given to approaches contributing to R&D and innovative activities in public procurements, the costs of local products can be reduced, import products can be produced locally and local firms can be more effective in export markets. The following goals are pursued accordingly: implementing the technological development and local production program through public procurement and increasing the shares of local companies in the medium-high and high technology industries in public procurements through this program; supporting the process of international branding in the high technology industries and increasing the number of branded products; increasing R&D spending through the public procurement system and increasing international direct investments through policies to be implemented in public procurements.

Annex 2 Legislation

- (a) Law No 5846 of 05.12.1951 on Intellectual and Artistic Works (FSEK)
- (b) 'Ordinance on the Collecting Societies and Federations of Authors and Right Holders of Intellectual and Artistic Works' dated 10.03.1999; Type Status of Collecting Societies and Federations of Authors and Right Holders of Intellectual and Artistic Works dated 30.01.2003; Decision No 2013/5260 on the Determination of Deduction Rates Applicable on the Manufacturing or Import of Technical Devices and Blank Carrier Media Used in the Reproduction of Intellectual and Artistic Works.
- (c) Decree No 2006/10880 on Granting Shares on the Sales Prices of Hand Written Original Manuscripts of Fine Arts, Scientific and Literary Works and Musical Works
- (d) Regulation dated 17.05.2006 on the Recording and Registration of Intellectual and Artistic Works
- (e) Regulation dated 08.11.2001 on the Procedure and Principles for the Implementation of the Control Mark (Banderole) System
- (f) Regulation dated 18.04.2005 on the Procedures and Principles Regarding the Certification of Enterprises Disseminating or Performing the Recording, Copying and Sale of the Materials on which Intellectual and Artistic Works are Fixed
- (g) Regulation on Procedures and Principles on Broadcasting and/or Transmission of Works, Performances and Productions dated 08.06.2004
- (h) Regulation of 04.09.1986 on Certificate of Authority to be issued by Authors of Intellectual and Artistic Works
- (i) Regulation of 16.11.1997 on the Marking of Intellectual and Artistic Works
- (j) Regulation of 16.12.1997 on Neighboring Rights to the Authors of Works
- (k) Regulation of 13.04.2006 on Procedures and Principles Regarding the Use of Deductions Made from the Costs of Carrying Materials that Include Intellectual and Artistic Works and Technical Devices Used to Copy These Works
- (l) Regulation of 06.11.2010 on Intellectual Property Rights Common Database
- (m) Regulation of 23.01.2007 on the royalties and derivation fees payable by public bodies
- (n) Regulation of 11.08.2009 on the procedures and principles of bonus payment to the president and members of the Inspection Commission.

Annex 3 Copyright Collective Management Societies in Turkey (List)

- BESAM** (Bilim ve Edebiyat Eseri Sahipleri Meslek Birliđi/Creators of Scientific and Literary Works Association)
Date of Incorporation: 21.01.2000
Address: Sahne Sokak, Ali Han No: 307 Galatasaray/İstanbul
Telephone: 0.212.251 95 25
Fax: 0.212.251 95 23
- İLESAM** (Türkiye İlim ve Edebiyat Eseri Sahipleri Meslek Birliđi/Professional Union of Turkish Science and Literature Academicians)
Date of Incorporation: 11.08.1986
Address: İzmir Caddesi No: 33/16 Kızılay /ANKARA
Telephone: 0.312.419 49 38
Fax: 0.312.419 49 39
Web Address: www.ilesam.org.tr
- BIYESAM** (Bilişim ve Yazılım Eser Sahipleri Meslek Birliđi/Informatics and Software Copyright Association)
Date of Incorporation: 01.11.2005/162635
Address: İstanbul Teknokent İstanbul Üniversitesi Avcılar Yerleşkesi
Argem Binası Ofis No: Z01 34320 Avcılar/İSTANBUL
Telephone: 0530 936 3988 Fax: 0212 855 6228
Web Address: www.biyesam.org.tr
- ÇEVBİR** (Çevirmenler Meslek Birliđi/Turkish Association of Literary Translators)
Date of Incorporation:01.05.2006/68003
Address: Osmanağa Mah. Kırtasiyeci Sokak No:8/3 34714 Kadıköy/İSTANBUL
Telephone: 0.216.337 16 99
Fax: 0216 337 68 36
Web Address: www.cevbir.org
- YAYBİR** (Yayıncılar Meslek Birliđi/Publishers Copyright & Licensing Society)
Date of Incorporation: 19.04.2006
Address: İnönü Cad. Opera Palas Apt. No:55 Kat:2 Gümüşsuyu
34437 Taksim/İSTANBUL
Telephone: 0212.512 42 10-14
Fax: 0212.512 42 15
Web Address: www.yaybir.org.tr
- TBYM** (Türkiye Basım Yayın Meslek Birliđi/Printing and Publishing Collecting Society of Turkey)
Date of Incorporation: 04.01.2007/179
Address: Binbir Direk Mh. Dostluk Yurdu Sk. Yeşil Apt. No:1 Kat: 1 D:3
SultanAhmet/Fatih/İSTANBUL
Tel: 0212 514 07 37
Fax: 0212 310 59 06
E-Posta: bilgi@bymb.org.tr
Web Address: www.bymb.org.tr

7. **DEKMEB** (Ders ve Kültür Kitapları Yayıncıları Meslek Birliği/ Collecting Society for Publishers of Textbooks and Cultural Books)
Date of Incorporation: 22.07.2013/143499
Address: Hacettepe Mah. Mehmet Akif Ersoy Sok. No: 17 Altındağ/ANKARA
Tel/Fax: 0312 310 00 35
E-Posta: dekmeb@gmail.com
Web Address: www.dekmeb.org
8. **EĞİTİMYAYBİR** (Eğitim Yayıncıları Meslek Birliği/Professional Association of Educational Publishers)
Address: Gazi Mustafa Kemal Bulvarı 122/2 Maltepe/ANKARA
Telephone: 0312 230 5757
Fax: 0312 230 4757
9. **MESAM** (Türkiye Musiki Eseri Sahipleri Meslek Birliği/Turkish Musical Work Owners Society)
Date of Incorporation: 11.08.1986
Address: Sıracevizler Cad. Esen Sok. Saruhan Plaza No: 6 Kat: 6
Bomonti, Şişli/İstanbul
Telephone: 0.212.296 99 10
Fax: 0.212.296 99 26
Web Address: www.mesam.org.tr
10. **MSG** (Musiki Eseri Sahipleri Grubu Meslek Birliği/Musical Work Owners Group)
Date of Incorporation: 26.07.1999
Address: Barbaros Bulvarı Orhan Birmanışmerkezi No:149 Kat:1
Balmumcu,Beşiktaş/İSTANBUL
Telephone: 0.212.267 45 15
Fax: 0.212.267 45 60
Web Address: www.msg.org.tr
11. **MÜYOR-BİR** (Müzik Yorumcuları Meslek Birliği/Turkish Music Performers Collective Society)
Date of Incorporation: 19.04.2000
Address: Harbiye M. Cumhuriyet C. Dörtler Apt. No:42 K:2 D:2
Elmadağ Şişli/İstanbul
Telephone: 0212 241 74 76
Fax: 0.212.241 74 79
Web Address: www.muyorbir.org.tr
12. **MÜZİKBİR** (Bağlantılı Hak Sahibi Fonogram Yapımcıları Meslek Birliği/Related Right Holders' Phonogram Producers Collecting Society)
Date of Incorporation: 14.04.2008
Address: Fevzipaşa Cad. Bilgili Apt. No: 42 D. 4 Fatih/İSTANBUL
Tel: 0212. 532 57 52 – 53
Fax: 0212 532 56 33
Web Address: www.muzikbir.org
13. **MÜ-YAP** (Mü-Yap Bağlantılı Hak Sahibi Fonogram Yapımcıları Meslek Birl./Turkish Phonographic Industry Society)
Date of Incorporation: 03.08.2000
Address:KuloğluMah.Turnacıbaşı Sok. No: 6 Kat: 5 Beyoğlu/İSTANBUL
Telephone: 0.212.292 46 13 (pbx)
Fax: 0.212.292 46 17
Web Address: www.mu-yap.org

14. **MÜYA-BİR** (Bağlantılı Hak Sahibi Fonogram Yapımcıları Meslek Birliği/Related Right Holders' Phonogram Producers Collecting Society)
Date of Incorporation: 22.08.2006/137587
Address: Merkez Efendi Mah. Mevlana Cad. Tercüman Sitesi A-10 Blok Kat: 8
Daire: 36 Cevizlibağ/Zeytinburnu/İSTANBUL
Tel: 0212.582 12 83- 84- 60 pbx
Fax: 0.212.582 12 64
Web Address: www.muya-bir.org.tr
15. **BSB** (BSB Sinema Eseri Sahipleri Meslek Birliği/BSB Association of Documentary Film Makers)
Date of Incorporation: 29.12.1999
Address: Ergenekon Cad. No: 10 Ahmet Bey Plaza K:7
Pangaltı Şişli İSTANBUL
Telephone: 0 212 245 89 58 – 0 212 245 90 96
Fax: 0 212 245 89 58
Web Address: www.bsb.org.tr
16. **SESAM** (Türkiye Sinema Eseri Sahipleri Meslek Birliği/Cinematographic Work Owners' Society of Turkey)
Date of Incorporation: 08.05.1986
Address: Ergenekon Cad. Ahmetbey Plaza No: 10 Pangaltı/İstanbul
Telephone: 0.212.247 57 48 – 247 57 25
Fax: 0.212.247 57 03
Web Address: www.se-sam.org
17. **SETEM** (Sinema ve Televizyon Eseri Sahipleri Meslek Birliği/Cinema and Television Works Owners' Society)
Date of Incorporation: 16.04.2003
Address: Ergenekon Cad. Ahmetbey Plaza No: 10 Kat: 5/6/7/8 Pangaltı/İstanbul
Telephone: 0.212.230 15 08 – 0 212 230 15 95
Web Address: www.setem.org.tr
18. **SİNEBİR** (Sinema Eseri Sahipleri Meslek Birliği/Cinematographic Work Owners' Society)
Date of Incorporation: 30.10.2006
Address: Ergenekon Cad. Ahmetbey Plaza No: 10 Pangaltı/İstanbul
Telephone: 0554 380 57 77
Fax: 0 212 247 39 12
Web Address: www.sinebir.org.tr
19. **FİYAB** (Film Yapımcıları Meslek Birliği/Society of Film Producers)
Date of Incorporation: 19.08.2005
Address: Atatürk Bulvarı Ata Apt. No.231/10 Kavaklıdere/ANKARA
Telephone: 0.312. 467 43 14 (pbx)
Fax: 0 312 467 43 37
Web Address: www.fiyab.org.tr
20. **SE-YAP** (Sinema Eseri Yapımcıları Meslek Birliği/Movie Producers Professional Association)
Date of Incorporation: 25.05.2007
Address: Sinema Meslek Birlikleri Merkezi Ergenekon Cad. Ahmetbey Plaza
No: 10 Kat: 6 Harbiye Şişli İstanbul
Telephone: 0 212 246 33 22
Fax: 0 212 246 33 28
Web Address:www.se-yap.org.tr

21. **TESİYAP** (Televizyon ve Sinema Filmi Yapımcıları Meslek Birliği/Society of Television and Cinematographic Work Producers)
Date of Incorporation: 23.06.2003
Address: Sinema Meslek Birlikleri Merkezi Ergenekon Cad. Ahmetbey Plaza
No: 10 Kat: 5-6-7-8 Harbiye Şişli İstanbul
Telephone: 0 212 247 36 02 – 0 212 247 39 02
Fax: 0 212 247 39 12
Web Address: www.tesiyap.com
22. **BİROY** (Sinema Oyuncuları Meslek Birliği/Society of Movie Actors)
Date of Incorporation: 07.10.2009
Address: Ergenekon Cad. Ahmetbey Plaza No: 10 Kat: 5/6/7/8 Pangaltı/İstanbul
Telephone: 0212 343 1680
Fax: 0212 343 1679
23. **ASİTEM** (Anadolu Sinema ve Televizyon Eseri Sahipleri Meslek Birliği/Anatolian Cinema and Television Authors Union)
Date of Incorporation: 29.02.2012
Address: Haydar Aliyev Cad. No: 63 Kat: 8 Daire: 22 Manavkuyu Bayraklı/İzmir
Telephone: 0232 348 48 98 Muammer Sarıkaya Cep: 0 532 573 79 39
24. **SENARİSTBİR** (Senaryo ve Diyalog Yazarı Sinema Eseri Sahipleri Meslek Birliği/Collecting Society for Script and Dialogue Writers', Authors of Cinematographic Works)
Address: Türsav Sinema Evi Gazeteci Erol Dernek Sokak no: 8 Kat: 2 Beyoğlu/İST.
Telephone: 0212 244 2122
Fax: 0212 251 6545
25. **TOMEB** (Tiyatro Oyuncuları Meslek Birliği/Theatre Actors' Union)
Date of Incorporation: 21.01.2004
Address: Esat Cad. No: 66/5 Küçükesat/ANKARA
Telephone: 0 312 427 8588
Fax: 0 312 427 8909
26. **GESAM** (Türkiye Güzel Sanat Eseri Sahipleri Meslek Birliği/Professional Association of Turkish Fine Art Work Owners)
Date of Incorporation: 08.09.1986
Address: G.M.K.Bulvarı No:63/4 06570 Maltepe/ANKARA
Telephone: 0.312.231 10 82 – 229 66 27
Fax: 0.312.231 23 84
Web Address: www.gesam.org.tr
27. **RATEM** (Radyo Televizyon Yayıncıları Meslek Birliği/Professional Union of Broadcasting Organisations)
Date of Incorporation: 27.11.2001
Address: Kuştepe Mah. Leylak Sok. Murat İş Merkezi B Blok Kat:12 D:40 Mecidiyeköy Şişli/İstanbul
Telephone: 0.212.283 15 70
Fax: 0.212.283 15 69
Web Address: www.ratem.org

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