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Trade in creative services

Note by the UNCTAD secretariat

Summary

The creative economy is rapidly growing, presenting opportunities for economic development and diversification, particularly in developing countries. Trends in the sector include the rise of digital platforms and streaming services, the popularity and use of video games across diverse sectors and an increase in cross-industry collaborations.

The digital transformation of the creative economy, driven by the use of artificial intelligence, offers the potential to reshape the production, distribution and consumption of creative works, enhancing both reach and efficiency. However, it is critical to address challenges related to maintaining the quality of artificial intelligence-produced services, addressing algorithmic biases and safeguarding cultural diversity. Concerns about job displacement due to the use of artificial intelligence and the need for clear guidelines on intellectual property rights are pressing issues for policymakers. Developing countries need to bridge digital divides, to harness the advantages of the use of artificial intelligence in creative services.

Global exports of creative services rose to \$1.4 trillion in 2022, showcasing the significant contribution of the sector to international trade, driven by software and research and development services, alongside the digitalization of creative services. Developing economies are enhancing their presence in creative services trade, yet developed economies continue to lead, representing 80 per cent of exports in 2022. The disparity of exports among regions suggests potential challenges related to infrastructure, skills and trade restrictiveness. Despite the increasing importance of services, trade in services, including creative services, continues to face significant trade costs and restrictions.



I. Global trends in the creative economy: Creative services

A. Topic and context

1. The substantive topic for the eleventh session of the Multi-year Expert Meeting on Trade, Services and Development was approved by the Trade and Development Board through a silence procedure that ended on 11 January 2024.¹ Member States, at the fifteenth session of the United Nations Conference on Trade and Development, stated that UNCTAD should “continue the work on analysing creative industries and providing insight into the global creative economy” and “support and promote activities and initiatives in developing countries through the improvement in trade in services”.² The topic is in line with General Assembly resolution 78/133 on promoting creative economy for sustainable development. The overall focus of sessions of the Multi-year Expert Meeting on Trade, Services and Development is on harnessing trade in services for economic diversification.

2. Services are of increasing importance in all economic sectors, as they provide inputs for all economic activities, including agriculture and manufacturing. Such servicification facilitates production and exports throughout productive processes, mainly in the back office and production stages, as well as in the establishment, pre-production, post-production and after-sales stages.³ Creative services such as research and development and software services are essential inputs for manufacturing activities, as they contribute to developing new products and services and provide integrated business solutions.

3. The present note provides background information on creative services produced by creative industries.⁴ Trends in the creative economy are presented, with a focus on creative services. The impact of digitalization and the use of artificial intelligence on creative services is discussed, including opportunities, challenges and policy implications, and the latest data on international trade in creative services are analysed.

B. Global trends

4. The creative economy is rapidly growing, presenting opportunities for economic development and diversification, particularly in developing countries. Cultural and creative industries account for 3.1 per cent of the global gross domestic product (GDP) and 6.2 per cent of all employment.⁵ UNCTAD research, through a survey on the creative economy, covering mainly developing economies, shows the significant differences between countries; in economies for which data are available, the creative economy contributes 0.5–7.3 per cent of GDP and employs 0.5–12.5 per cent of the workforce; in 2022, creative goods and services constituted 3 and 19 per cent of total merchandise and services exports, respectively.⁶ Exports of creative goods have increased by over 3.5 times

¹ TD/B/EX(74)/4.

² TD/541/Add.2, paragraph 127 (ee) and (ff).

³ TD/B/C.I/MEM.4/14.

⁴ UNCTAD defines creative industries as the creation, production and distribution cycles that leverage creativity and intellectual capital. Such industries encompass knowledge-based activities focused on culture and heritage, including tangible and intangible creative products with economic value. Creative industries produce various goods and services. UNCTAD creative goods trade statistics cover mainly crafts and design goods, but also goods such as video game consoles, instruments, art and books. Creative services trade statistics cover the following categories of services: advertising, market research, architecture; audiovisual; cultural, recreational, heritage-related; information; research and development; and software.

⁵ See <https://www.unesco.org/reports/reshaping-creativity/2022/en>.

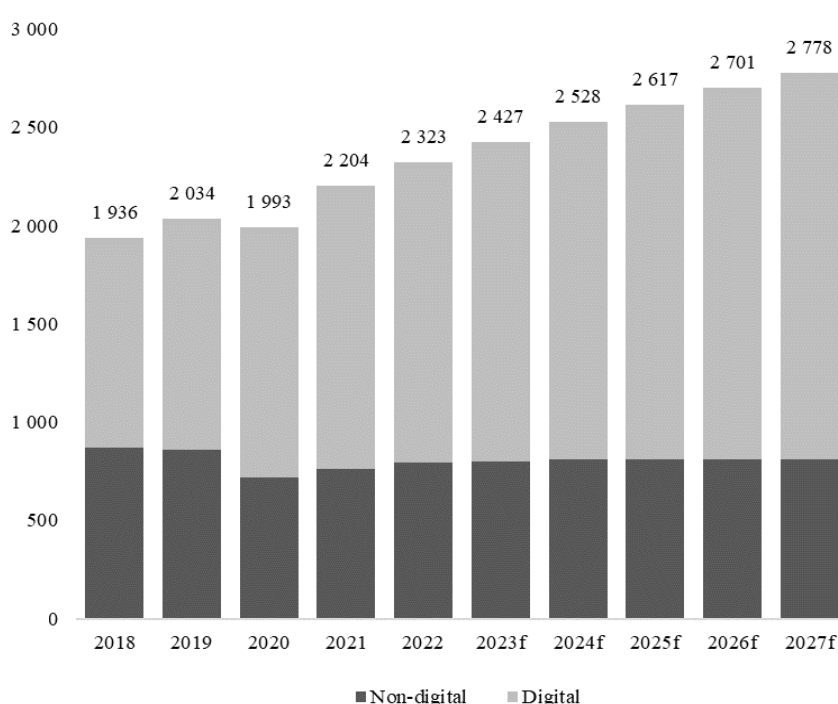
Notes: All websites referred to in footnotes were accessed in April 2024.

⁶ Mention of any firm or licensed process does not imply the endorsement of the United Nations UNCTAD, forthcoming, *Creative Economy Outlook 2024*; UNCTAD calculations, based on data from the UNCTADstat database.

over the past two decades and those of creative services, by over 2.8 times over the last decade.

5. One of the major trends in the creative economy is that an increase in digital services can drive its growth (figure 1). Digitalization underpins emerging business models such as streaming and digital platforms; increasing gamification⁷ across various sectors such as tourism and cultural heritage, as well as non-creative industries such as education and health care; and increasing cross-industry collaborations, such as between video game leaders, musicians and film studios.⁸ In addition, creative industries are growing in developing economies due to demographic shifts, with younger generations increasingly consuming digital creative content.⁹

Figure 1
Global entertainment and media revenues
(Billions of dollars)



Abbreviation: f, forecast.

Source: UNCTAD calculations, based on Pricewaterhouse Coopers, 2023.

6. The following sectoral trends may be observed in selected creative services:

(a) Due to the expansion of electronic commerce and increase in time spent on digital platforms, companies have taken steps to increase advertising efforts and avenues, to reach a broader consumer base. For example, advertising conducted through video games has been increasing in recent years. Global revenues of advertising firms were projected to

⁷ Gamification means applying game design principles and mechanics to non-game contexts, enhancing user engagement and motivation through points systems, levels, rewards and other game elements that leverage the drive for competition and achievement. For example, it can be used for level progression and point accumulation in educational or fitness applications.

⁸ Pricewaterhouse Coopers, 2023, *Perspectives from the Global Entertainment and Media Outlook 2023–2027: Resetting Expectations, Refocusing Inward and Recharging Growth*. Available at <https://www.pwc.com/gx/en/industries/tmt/media/outlook/insights-and-perspectives.html>.

⁹ See https://www.wto.org/english/res_e/publications_e/wtr19_e.htm.

reach \$806 billion in 2023, with video game advertising revenue expected to double in 2022–2027, outpacing traditional television advertising growth.¹⁰

(b) There have been varied trends among architecture and interior design firms. Architectural fees from health-care projects have increased, while those from corporate offices have declined. The top 100 global interior design firms report an increase in total design fees, reaching \$4.97 billion in 2022.¹¹ At the medium-sized enterprise level, the architecture industry encompasses a range of sectors, including hospitality, corporate, retail and health care, each facing unique challenges and developments. High costs and skilled labour shortages are significant issues, driving the industry towards adopting new technologies such as virtual reality and artificial intelligence, to mitigate such challenges;¹²

(c) Audiovisual services, such as film and television, experienced a post-pandemic rebound, with box office revenues estimated to reach pre-pandemic levels by 2025 and \$48.4 billion by 2027. Subscription video-on-demand and other streaming services have grown significantly, including by aiming to offer more convenient, tailored and diverse viewing experiences. Traditional television has been declining in favour of over-the-top and video-on-demand platforms, with advertising revenues for the latter expected to double over the next five years;¹³

(d) The music industry has consistently grown across all regions, with global recorded revenues reaching \$26.2 billion in 2022, marking the eighth consecutive year of growth. The composition of revenue sources in the recorded music industry is changing. The physical sales segment that, for many years, accounted for over 50 per cent of total global revenues only accounted for 17.5 per cent in 2022, with a strong shift towards streaming services.¹⁴ Live music and cultural events are innovatively integrating virtual experiences, transforming the sector, with new strategies for expansion;¹⁵

(e) The video game industry has significantly outperformed the combined revenue of the film and music industries, with projected global earnings of \$227 billion in 2023. Electronic sporting events, that is, competitions involving video games, have seen significant growth in ticket sales, with increases of 100 and 150 per cent in 2021 and 2022, respectively.¹⁶ This growth is driven by technological advancements and demand for video games, leading to more game releases, sales and gaming options. In addition, the industry has explored innovative revenue sources, such as virtual concerts and brand collaborations.

7. Creative markets, including creative services, are highly concentrated and have several characteristics that impact competition. In the United States of America, for example, in 2023, six movie studios accounted for nearly 90 per cent of box office ticket sales and three major music label companies accounted for nearly 80 per cent of the music recording market.¹⁷ Concentration is prevalent in digital creative markets. For example, in 2023, Alphabet and Meta held a share of nearly 50 per cent of the digital advertising market in the United States.¹⁸ In 2021, approximately 59 per cent of the global music streaming subscription market was dominated by three companies that accounted for nearly 60 per cent of subscriptions.¹⁹

¹⁰ Pricewaterhouse Coopers, 2023.

¹¹ See <https://interiordesign.net/research/interior-design-top-100-giants-2023/>.

¹² See <https://www.grandviewresearch.com/industry-analysis/architectural-services-market>.

¹³ Pricewaterhouse Coopers, 2023.

¹⁴ See https://www.ifpi.org/wp-content/uploads/2020/03/Global_Music_Report_2023_State_of_the_Industry.pdf.

¹⁵ Pricewaterhouse Coopers, 2023.

¹⁶ Ibid.

¹⁷ See <https://www.cnbc.com/2019/12/29/disney-accounted-for-nearly-40percent-of-the-2019-us-box-office-data-shows.html>, <https://www.statista.com/statistics/1400837/market-share-movie-studios-us/> and <https://www.billboard.com/pro/taylor-swift-republic-records-label-market-share-2023/>.

¹⁸ See <https://www.axios.com/2022/12/20/google-meta-duopoly-online-advertising>.

¹⁹ See <https://www.theverge.com/2022/1/20/22892939/music-streaming-services-market-share-q2-2021-spotify-apple-amazon-tencent-youtube>.

II. Digitalization and artificial intelligence in the creative economy

8. Digital tools and artificial intelligence can significantly transform creative services, enhance cost efficiency and broaden customer outreach. The use of artificial intelligence enables innovative content creation and efficient data analysis²⁰ and can help improve access to and the affordability of creative services. This technological shift facilitates wider distribution through digital trade, allowing creators to access global markets and transitioning consumers towards a model of access over ownership, through artificial intelligence-enhanced streaming technologies.²¹ However, quality assurance with regard to artificial intelligence-generated content, potential algorithm biases and the required human oversight pose challenges that require transparent and auditable solutions²² in order to preserve cultural diversity and prevent cultural appropriation. In the film industry, for example, artificial intelligence can be used to help in the analysis of screenplays, analysis of data and preferences from and among audiences and the creation of more realistic special effects.²³ Artificial intelligence is an opportunity to gain productivity and reduce costs, but there is a risk of job losses, among other risks. In the music industry, for example, artificial intelligence can be used to help create new compositions that build on and/or blend existing copyright-free tracks.²⁴ Artificial intelligence allows for the exploration of innovative paths and music customization, but there are copyright-related challenges, among other risks.

9. Artificial intelligence can be used to assist with the following in the news and media industry: automated summaries; conversions between text and speech; image recognition; tagging; subtitling; and transcriptions. The use of artificial intelligence can contribute to efficiency and engagement by providing content recommendations, automating webpages, optimizing news headlines and posting times and suggesting illustrative art for articles.²⁵ The preparation of illustrative art is the task for which artificial intelligence is most frequently used by newsrooms (figure 2). News and media services need to deal with the challenge of image and video manipulation and deepfakes, which requires improved consumer media literacy, transparency, ways to include digital watermarks and the production of ethical guidelines.

²⁰ Anantrasirichai N and Bull D, 2022, Artificial intelligence in the creative industries: A review, *Artificial Intelligence Review*, 55:589–656.

²¹ See <https://intracen.org/resources/publications/creative-industries-in-rwanda-digital-paths-to-global-markets>.

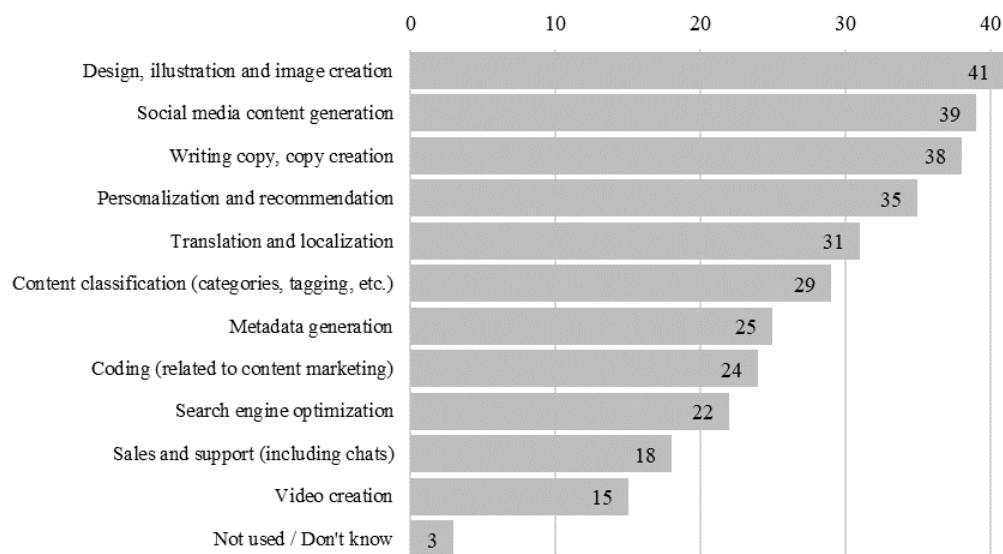
²² See [https://www.europarl.europa.eu/thinktank/en/document/IPOL_BRI\(2020\)629220](https://www.europarl.europa.eu/thinktank/en/document/IPOL_BRI(2020)629220).

²³ Anantrasirichai and Bull, 2022.

²⁴ See <https://uwaterloo.ca/arts-computing-newsletter/spring-2021/feature/artificial-intelligence-music-industry>.

²⁵ See <https://reutersinstitute.politics.ox.ac.uk/journalism-media-and-technology-trends-and-predictions-2023>.

Figure 2
Use cases of artificial intelligence by news teams, 2023
 (Percentage)



Source: UNCTAD calculations, based on Wordpress, 2023, Content matters: [Artificial intelligence trends 2023 report, available at <https://wpvip.com/resource/content-matters-ai-trends-2023-report/>].

10. Advertising services use artificial intelligence to help increase efficiency in gathering, analysing and sorting large amounts of data. Advertising professionals use such analytics to identify trends and make advertising decisions.

11. Gaming services use artificial intelligence to help improve design, decision-making and interactivity. Algorithms have been used to develop models that interact with players, allowing their actions to create storylines in interactive narratives. Artificial intelligence techniques can also help generate procedural content in games, including the automatic generation of content that customizes experiences.

12. In cultural services such as the arts, artificial intelligence can be used to assist in developing virtual art galleries and exhibitions, support immersive digital showcases and allow for global distribution. In performing arts, artificial intelligence can be used to support the following: researching texts; translating texts; and suggesting scripts and choreographies. In addition, artificial intelligence can help support the production process, for example, the drafting of grant applications and project proposals; can help increase cost efficiency in the production process; and can contribute to set design and the preparation of interactive visuals that engage with performers to create customized experiences.

13. With regard to challenges, the impact on jobs is a key issue. Jobs in creative services are changing with the increased use of artificial intelligence; knowledge workers will be more affected by the new phase of automation. Recent research shows that generative artificial intelligence applications compete with higher-skilled jobs.²⁶ However, analysis also shows that creative services may be more resilient to automation; the risk of automation in the overall economy is 14 per cent, but among creative and culture-related jobs, 10 per cent.²⁷

14. Development-based asymmetries also exist in the use of artificial intelligence in creative services. At present, the technologies underpinning artificial intelligence are primarily produced in developed countries, which, along with China and India, are leaders on the global artificial intelligence index, which measures talent, infrastructure and research

²⁶ See <https://www.ilo.org/publications/generative-ai-and-jobs-global-analysis-potential-effects-job-quantity-and>.

²⁷ See <https://www.oecd.org/publications/the-culture-fix-991bb520-en.htm>.

and development capabilities.²⁸ In terms of regions, the first country in Latin America on the list is Brazil, which ranks at 39, and the first country in Africa is South Africa, which ranks at 55.

15. Gaps and challenges in public policies related to the increasing digitalization of creative industries include protecting intellectual property rights, particularly copyrights. Digitalization has posed challenges to existing intellectual property rights regulations and policies. Such regulations may not adequately address new issues such as intellectual property in the digital realm, online distribution and user-generated content. Technologies such as artificial intelligence are increasingly used in creative processes, raising questions about ownership, accountability and transparency. Policies need to address such new challenges and policymakers need to collaborate with industry stakeholders, legal experts, technology specialists and others, to adapt regulations to the evolving digital landscape.

16. Cross-cutting policies are needed to reduce the digital divide in skills and infrastructure, in order for developing countries to be able to pursue the potential of the use of artificial intelligence in creative services. Policies should also aim to close digital gaps between genders and between urban versus rural areas, and this should involve the consideration of asymmetries in access to the Internet, mobile networks and other forms of telecommunications.

17. Among countries that participated in the UNCTAD survey on the creative economy, there are a number of policy initiatives focused on digitalization and the use of artificial intelligence in the context of creative services (box 1).

Box 1

Policies and initiatives on digitalization and the use of artificial intelligence in creative services

Indonesia is capitalizing on digital tools and artificial intelligence technology in order to advance the creative economy, emphasizing village tourism, digital talent development and ecosystem support. The National Strategy for Artificial Intelligence has a comprehensive plan to integrate artificial intelligence technologies across multiple sectors, including creative industries, to stimulate innovation and competitiveness.

Jamaica, under the Caribbean animation business model project, facilitates collaboration across studios in the Caribbean on a virtual platform, marking a significant step toward regional cooperation and enhancing the global competitiveness of animation studios.

Japan has formed a study group to examine the relationship between artificial intelligence technologies and intellectual property rights, aiming to increase understanding and provide guidance on artificial intelligence-related legal issues in the creative process.

Malaysia has introduced Divrse '22 Makyung in Metaverse, a project featuring online events that blend traditional performing arts with modern digital technologies such as augmented reality and virtual reality, serving to underscore the synergy between cultural heritage and digital innovation and open up new avenues for creative expression.

Mauritius has adopted augmented reality through a dedicated application offering an innovative engagement method with the extinct dodo bird at the Natural History Museum. The Mauritius Expo Virtual Platform is a digital venue at which local artists can present their work, highlighting the dedication of Mauritius to integrating digital technologies into the creative sector.

The Republic of Korea is addressing copyright issues associated with the use of artificial intelligence through the preparation of a dedicated guide, intended to clarify and mitigate legal risks for developers, copyright owners and users of artificial intelligence-generated content, emphasizing the significance of legal frameworks in the digital age.

The United Kingdom of Great Britain and Northern Ireland supports the integration of artificial intelligence into creative industries through significant investments. For example,

²⁸ See <https://www.tortoisemedia.com/intelligence/global-ai/>.

the £100 million bridge artificial intelligence programme helps businesses in priority sectors, including creative industries, to harness the power of artificial intelligence and unlock their full potential, and the Government is also investing £50 million in the next phase of the creative industries clusters programme, supporting the sector in order to maximize benefits from artificial intelligence technology.

Source: UNCTAD. See <https://iuk.ktn-uk.org/programme/bridgeai/> and <https://www.gov.uk/government/news/ai-projects-supporting-small-businesses-in-fashion-farming-and-fire-fighting-to-get-funding-boost-ahead-of-uk-ai-safety-summit>.

18. Market concentration and competition-related issues in creative industries existed before the digital era. For example, competition cases involving film studios in the United States were brought before competition authorities in the 1940s due to anticompetitive distribution and vertical integration arrangements.²⁹ Several characteristics of creative industries, such as market entry barriers and multi-sided markets,³⁰ contribute to market concentration and hinder fair competition, with digitalization in creative industries adding new concerns.

19. Barriers to entry in (creative and non-creative) digital markets may have several forms.³¹ Structural barriers stem from market characteristics such as economies of scale and scope,³² network effects³³ and high initial investment costs. Strategic barriers are deliberate actions taken by existing companies to deter new entrants, such as creating incompatibilities (lack of interoperability), ensuring high switching costs and self-preferencing.³⁴ For example, prior to digitalization, entry barriers to media markets included the scarcity of frequency, naturally limiting the number of radio and television broadcasting channels. Following digitalization, through the use of mobile technology and the Internet, such structural barriers to entry have been replaced by barriers particular to digital markets and platforms.³⁵ Most creative industry markets are multi-sided, not only for consumers but also for producers, distributors, publishers and advertisers. For example, in advertising, newspapers compete with other newspapers in information production and with numerous media and non-media competitors, such as television or outdoor advertisers, for advertising spaces. This has significant implications for market access, as a firm must ensure integrated entry into various market facets in order to compete effectively with rivals.³⁶

20. Other competition challenges are linked to digitalization in creative industries, particularly digital platforms. For example, large platforms, such as film and music streaming platforms, can have major advantages due to network effects, high switching costs and the ability to extract, control and analyse user data to further increase outreach. Due to information asymmetry, streaming platforms can influence the success of certain

²⁹ See <https://www.justice.gov/atr/paramount-decree-review>.

³⁰ Multi-sided markets refer to markets characterized by an intermediary (digital or non-digital) platform that creates value by facilitating connections between producers and consumers on multiple sides of a given industry. The various sides of the market affect each other through network structures that make concentration or competition on any side influence the dynamics on the other.

³¹ An entry barrier is any practical obstacle to access by a new competitor to a given market. Natural barriers involve obstacles in monopolistic markets that make the entry of new rivals virtually impossible due to factors such as high fixed costs, the existence of already well-established firms and the inherent dynamics of the market.

³² Economies of scope indicate a decreased average total cost through the production of diverse goods. Economies of scale indicate the cost advantage gained through increased production levels of a single good.

³³ Network effects occur when the value of a product or platform increases because the number of users increases.

³⁴ Self-preferencing denotes a platform giving preference to its own products over those of competing producers.

³⁵ Budzinski O and Kuchinke BA, 2020, Industrial organization of media markets and competition policy, in von Rimscha MB, ed., *Management and Economics of Communication* (Walter de Gruyter, Berlin).

³⁶ See <https://unctad.org/publication/restoring-competition-winner-took-all-digital-platform-markets>.

content, favour popular content for visibility or engage in self-preferencing. However, video-on-demand business models and the concentration of such services may reduce variety, such as films from different countries and of various genres.³⁷

21. Policymakers worldwide need to address competition challenges in the digital economy, including creative industries. Large jurisdictions such as the United Kingdom, the United States and the European Union are aiming to address such challenges and new market structures with new legislation and a more regulatory approach. Competition authorities in developing countries also aim to adapt policies to the evolving nature of digital creative markets; they cooperate with other competition authorities and organize seminars and training activities, for example in Brazil, and carry out market studies, for example in India and South Africa.³⁸

22. Consumer protection is also a concern. For example, consumers provide personal and payment data to creative services providers, but many countries do not yet have laws that regulate electronic transactions and online consumer protection. With regard to the use of artificial intelligence in creative services, consumers may be exposed to video and audio manipulation. Realism among deepfakes has improved, and text manipulation can be used to create fake news or provide information that meets identified preferences.

III. International trade in creative services

A. Main trends

23. UNCTAD has developed an experimental data set to measure international trade in creative services, covering the following services: advertising, market research, architecture; audiovisual; cultural, recreational, heritage-related; information; research and development; and software. There are challenges in data availability and classification, particularly in developing countries where detailed reporting on creative services may be lacking. This limitation does not imply the absence of a vibrant creative services sector but points to insufficient statistical capacities or reporting practices. The analysis in this section is based on the latest UNCTAD data on international trade in creative services available in the UNCTADstat database.³⁹

24. Global exports of creative services reached a record \$1.4 trillion in 2022, almost double that of creative goods exports, at \$713 billion. Creative goods and services exports have decoupled in the past few years, driven by an increase in software and research and development services exports and the digitalization of some creative goods. Over the past decade, exports of creative services have expanded more rapidly than overall services trade, although this growth moderated in 2022. The growth trajectory of creative services exports generally mirrors that of total services exports. Since 2019, developing economies have recorded higher growth rates in creative services exports than developed economies. Europe is the largest exporter of creative services, reaching \$720 billion in 2022, followed by Asia (\$359 billion) and Northern America (\$274 billion). Exports from other regions, such as Latin America and the Caribbean (\$14 billion), Oceania (\$8 billion) and Africa

³⁷ With regard to digital markets, which have become increasingly relevant for certain digital creative industries, see, for example, UNCTAD, 2019, *Digital Economy Report 2019: Value Creation and Capture – Implications for Developing Countries* (United Nations publication, Sales No. E.19.II.D.17, Geneva) and UNCTAD, 2024, *Global Competition Law and Policy Approaches to Digital Markets* (United Nations publication, Sales No. E.24.II.D.5, Geneva).

³⁸ See <https://www.gov.br/cade/en/matters/news/cade-issues-updated-study-on-digital-platform-markets>, <https://www.cci.gov.in/public/images/annualreport/en/annual-report-2022-231703571209.pdf> and https://www.compcom.co.za/wp-content/uploads/2023/07/CC_OIPMI-Summary-of-Findings-and-Remedial-action.pdf.

³⁹ Measuring creative services trade is more complex than measuring creative goods trade. The experimental data set is based on annual data on trade in services from UNCTAD and the World Trade Organization, based on all available official statistics on trade in services, complemented by adjustments and estimates for over 70 per cent of records. Creative services exports are considered for the 129 countries for which data are available.

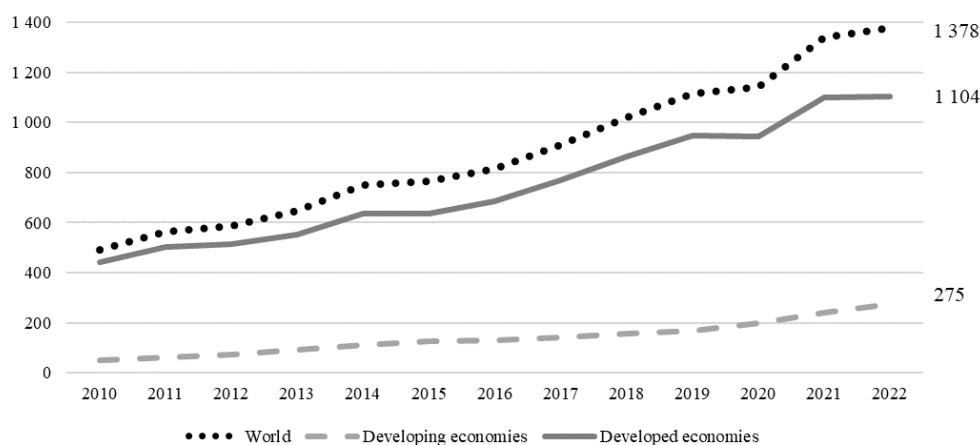
(\$4 billion), are lower; however, the figures may be influenced by issues related to data availability and reporting.

25. In 2022, developed economies accounted for 80 per cent of all creative services exports (figure 3). The difference between developed and developing countries has gradually decreased in the past decade, with the share of developing countries increasing from 10 per cent in 2010 to 20 per cent in 2022. In comparison, in the overall services sector, the share of developing economies in global services exports increased from 25.8 per cent in 2010 to 29.6 per cent in 2022.

Figure 3

Exports of all creative services by developing and developed economies

(Billions of dollars)

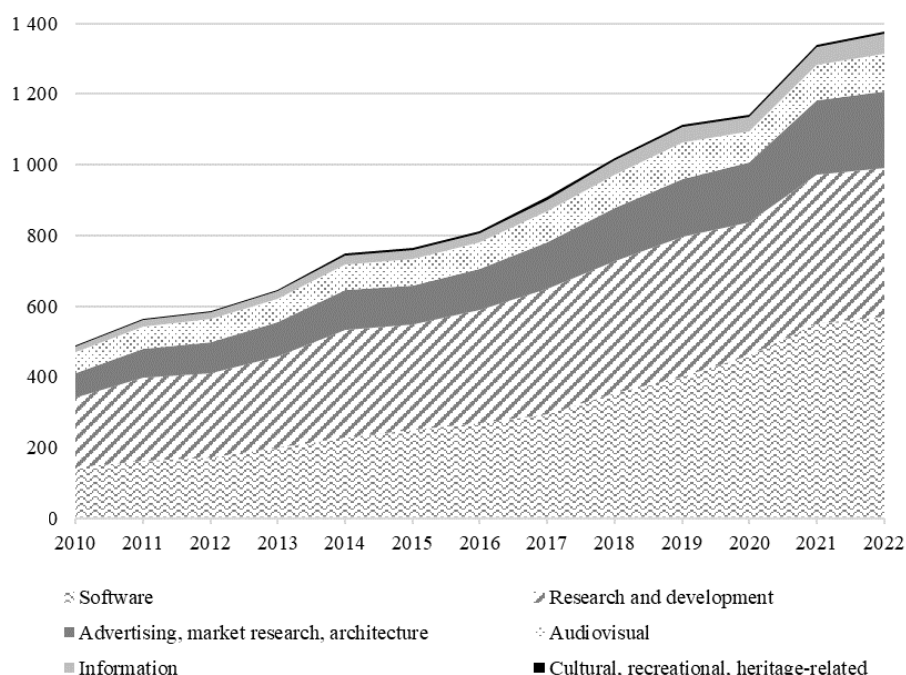


Source: UNCTAD.

26. The bulk of creative services exports are concentrated among a few predominantly developed economies. The United States and Ireland are the leading exporters, at \$244 billion and \$231 billion, respectively. In Ireland, substantial contributions by multinational companies, particularly in computer services, are of note, since they report global copyright and licence-related income. The next largest exporters are the United Kingdom (\$87 billion), Germany (\$79 billion), China (\$67 billion) and Singapore (\$65 billion). Other developing economies, such as the Philippines and Türkiye, have significant creative services exports, yet export relatively less compared with China and Singapore. Several developing countries lack sufficient trade data to accurately assess creative services exports; this does not mean that they do not export creative services.

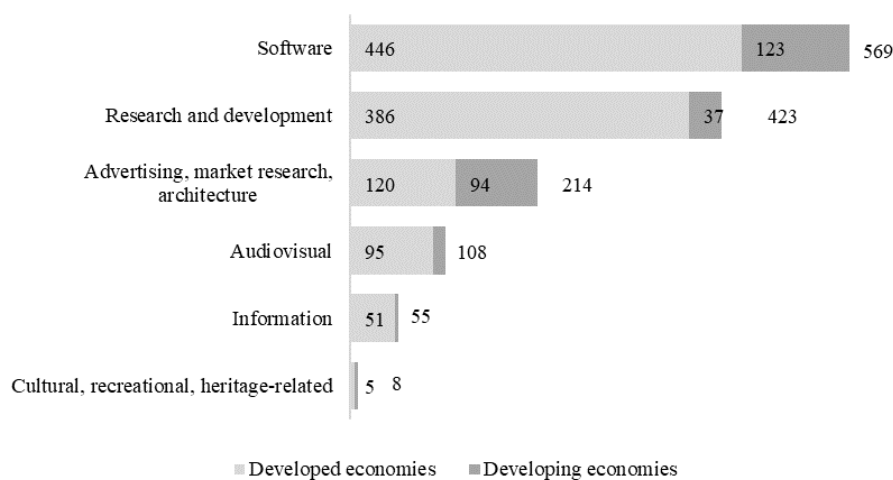
27. In terms of category, in 2022, software services dominated exports (at 41.3 per cent of total creative services exports), followed by research and development (30.7 per cent), advertising, market research and architecture (15.5 per cent), audiovisual (7.9 per cent), information (4 per cent) and cultural, recreational and heritage-related (0.6 per cent) (figure 4). Developed economies lead in all service categories, exporting significantly more than developing economies (figure 5). For example, developed countries account for the majority of global exports in information (93 per cent), research and development (91 per cent) and audiovisual (88 per cent).

Figure 4
World creative services exports by services category
 (Billions of dollars)



Source: UNCTAD.

Figure 5
Developed and developing economy creative services exports by product group, 2022
 (Billions of dollars)



Source: UNCTAD.

B. Export promotion initiatives

28. National approaches to promoting creative services exports are tailored to the cultural assets, competitive advantages and economic development goals in a country. For example, several small island developing States have positioned themselves as appealing destinations for international film production services, linking creative services closely with tourism. Among countries that participated in the UNCTAD survey on the creative

economy, 70 per cent indicated the existence of export promotion priorities and initiatives for creative products (box 2).

Box 2

Export promotion initiatives for creative services

Antigua and Barbuda focuses on the music industry, alongside increasing the external promotion of visual arts, festivals, events, handicrafts and food through collaborations between the Ministry of Education, Sports and Creative Industries and the Ministry of Tourism, Civil Aviation, Transportation and Investment. An initiative with the National Authorizing Office focuses on export-ready small businesses in creative industries.

Cambodia recognizes the culture-based creative economy as a significant contributor to economic development, mainly cultural tourism. The Government aims to leverage cultural heritage and traditional knowledge for export.

Costa Rica focuses on audiovisual services (particularly foreign filming services in Costa Rica and the development of animation and video games), the intellectual property industry and the promotion of advertising and digital marketing through the export promotion agency and the film commission.

Cuba targets the music industry and cultural tourism as central to cultural export and tourism promotion efforts.

The Dominican Republic has a national strategy for the export of modern services, focused on promoting music, film, design and video games, with support from the World Intellectual Property Organization, to enhance intellectual property in creative industries as a funding source for small and medium-sized enterprises.

Jamaica, Malaysia and Mauritius prioritize the film industry, with initiatives such as a film rebate scheme in Mauritius, to attract foreign film production and promote local artists through digital platforms.

Nigeria prioritizes the media and entertainment industry, which is considered to have significant export potential.

Peru focuses on the video game sector, as the most potential creative service for exports.

The Philippines focuses on creative tourism, leveraging local culture, arts and heritage in order to attract tourists.

The Republic of Korea has multiple export promotion initiatives across various creative content industries through the Creative Content Agency.

Slovenia focuses on supporting internationalization in creative and innovative products and services such as design, architecture and audiovisual, with the Ministry of Culture guiding the development of the creative economy.

South Africa has identified the audiovisual media industry as a significant beneficiary of State incentives and investment, focusing on content development and services exports.

Trinidad and Tobago has identified fashion, film and music as critical industries for export promotion, implementing various initiatives to support these sectors through the trade and investment promotion agency, such as the Steelpan Manufacturing Grant Fund Facility and the Fashion Value Chain Investment Programme.

The United Kingdom, in Creative Industries Sector Vision, set a goal for creative businesses to increase exports, with initiatives from the Department for Business and Trade and the Department for Digital, Culture, Media and Sport, including the music export growth scheme and creative industries trade mission, as well as the creative industries faculty of the Export Academy of the Department for Business and Trade.

Source: UNCTAD. See <https://unctad.org/publication/k-content-goes-global>.

C. Barriers to trade

29. Creative services are increasingly significant contributors to global services exports, primarily dominated by developed economies. The world's greatest exporters of creative services, including both developed and developing economies, have advanced human capital, skills and digital infrastructure. In contrast, developing economies may face difficulties in competing in this sector due to skill and infrastructure deficits. Recent research suggests that services trade openness can improve economy-wide productivity and the performance of the services sector.⁴⁰ However, most studies focus on services trade in general, particularly finance, information and communications technology, logistics and retail and transport, which provide essential inputs to manufacturing activities. More research is needed to determine the impact of creative services trade on development, productivity and diversification.

30. Despite the increasing importance of services, services trade, including creative services, continues to face significant trade costs and restrictions. The World Trade Organization notes that services trade, particularly digitally delivered services, faces higher trade costs than goods, attributed to regulatory barriers and other costs.⁴¹ Despite such challenges, trade costs for digitally delivered services, including creative services, decreased by 14 per cent in 1996–2018.⁴²

31. The General Agreement on Trade in Services promotes the progressive liberalization of trade in services, including creative services, through the establishment of general obligations and particular commitments by members of the World Trade Organization, for market access and national treatment across various services sectors. However, the extent of multilateral market opening in services, including creative services, has been limited, with few significant improvements in commitments since the Uruguay round of negotiations, although there has been some recent progress in addressing domestic regulations affecting services. Sectoral commitments vary among members of the World Trade Organization, with developed countries typically making more commitments than developing countries. There have been few commitments with regard to creative services, indicating a cautious approach by States towards liberalizing trade in this sector. Trade in creative services is at the cross section of trade, culture and public services; this situation serves to underscore the importance of enhanced multilateral efforts to facilitate trade in creative services in a manner that supports broader development policy objectives.

32. In general, addressing trade restrictions in the services sector requires adequately designing the content, pace and sequence of measures and considering the risks, costs and trade-offs that trade liberalization efforts might entail among broader national regulatory objectives. For example, the benefits of liberalization may differ across services sectors and some creative services, such as broadcasting and audiovisual, can have a significant bearing on societal and cultural values.⁴³ With regard to trade in movies, for example, countries may have different strategies, related to the preservation of cultural heritage.⁴⁴ Given the increase in digitally delivered creative services, particularly audiovisual and music, it is essential for developing countries and artists and creative entrepreneurs in these countries to have the capacity and the institutional support required to monetize trade in creative services and ensure intellectual property rights.⁴⁵ Therefore, it is important for developing economies to put in place adequate regulatory and institutional frameworks.

⁴⁰ See https://www.wto.org/english/tratop_e/serv_e/trade_services_economic_diversification_e.pdf.

⁴¹ See https://www.wto.org/english/res_e/publications_e/wtr23_e.htm.

⁴² Ibid.

⁴³ TD/B/C.I/MEM.4/14; see <https://unctad.org/publication/negotiating-liberalization-trade-services-development2>.

⁴⁴ See https://pec.ac.uk/discussion_paper_/a-review-of-creative-trade-in-the-economics-literature/.

⁴⁵ Nurse K, 2021, The digital creative economy and trade: Strategic options for developing countries, in World Trade Organization, *Adapting to the Digital Trade Era: Challenges and Opportunities* (Geneva).

IV. Conclusions

33. Achieving the economic potential of creative services requires both a better understanding of the operations of increasingly global industries and innovative policy approaches in order to address the challenges brought about by digitalization and the use of artificial intelligence. Policymakers need to monitor new technological developments and review policy and regulatory frameworks, to seize opportunities from creative services. Some of the main policy priorities have been addressed in the present note, including protecting jobs, closing digital divides, protecting and enforcing intellectual property rights, particularly copyrights, adapting and updating regulations and guidelines regarding competition and ensuring consumer protection.

34. Creative services are among the fastest-growing export sectors of the global services economy. Global exports of creative services rose to \$1.4 trillion in 2022, showcasing the significant contribution of the sector to international trade, driven by software and research and development services, alongside the digitalization of creative services. Developing economies have enhanced their presence in creative services trade, yet developed economies continue to lead, representing 80 per cent of exports in 2022. The disparity of exports among regions suggests potential challenges related to infrastructure, skills and trade restrictiveness. Despite the increasing importance of services, trade in services, including creative services, continues to face significant trade costs and restrictions. To date, insufficient information and data have been available on the real economic performance of the sector in many developing countries and the least developed countries.

35. Experts at the eleventh session of the Multi-year Expert Meeting on Trade, Services and Development may wish to consider the following questions:

(a) What are the most significant barriers, including competition issues, hindering growth in your country's services sector, particularly creative services? What initiatives could countries introduce to address these barriers?

(b) How is your country leveraging digitalization and artificial intelligence in order to enhance the competitiveness of creative services in your country? What strategies and policies does your country implement to overcome any related challenges?

(c) Which particular trade barriers do creative services from your country encounter in the global market? What policy measures or international collaborations, for example on competition issues and trade policy, could countries pursue in order to enhance global trade in creative services?
