

Creative Industries



Sector Background and Potential

The Creative Economy is defined as industries which have their origin in individual creativity, skill, and talent and which have potential for wealth and job creation through the generation and exploitation of intellectual property.

In the Philippines creative industries include a wide array of subsectors including advertising, animation, architecture, broadcast arts, crafts, culinary arts, cultural/heritage activities, design, film, literature, music, new media, performing arts, publishing, and visual arts (see Table 25).

Filipinos enjoy a well-deserved international reputation for creativity. Filipino musicians and singers have long been global troubadours and in recent years are entertaining luxury cruise passengers and appearing on stage in West End and Broadway musicals. Filipino designers and crafts persons have helped the country to be known as the “Milan of Asia” in designer circles. However, the once vibrant Philippine film industry has lost market share to Hollywood imports, while its products have failed to gain the international following enjoyed by East and South Asian cinematographers.

With such a rich and varied base of creative talent, the Philippines should develop the full potential of its creative industries, enhancing its competitive advantage and improving its reputation and becoming better recognized. Unfortunately, there is a lack of understanding and appreciation of these creative industries as a whole. This is partly because the creative cluster cuts across multiple economic sectors and does not yet constitute a cohesive or distinct sector in the traditional sense of an industry cluster. In order to nurture the creative industries, it is vital to recognize and improve its entire landscape. As a critical starting point, the Philippine Creative Industries sector could be mapped in the near future.

There are also several Philippine constitutional prohibitions that work against full development of the sector. The practice of foreign professionals in some sectors in the Philippines, e.g. architecture, engineering, interior design, landscape architecture, law, and others is prohibited or restricted administratively by the Professional Regulatory Commission. Provisions in the Philippine Constitution ban all foreign equity in media and limit foreign equity in advertising to 25%.

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Countries that have pursued the creative economy agenda have found sector mapping to be an essential basic tool to develop and promote their creative industry sector. When mapping the sector it is essential to consider whether “creative services” should be expanded to include “Knowledge Industries,” as the two sectors share many inter-linkages.

Table 25: Examples of creative and knowledge workers

| Clustered Industries utilizing Creative Workers: | Clustered Industries utilizing Knowledge Workers: |
|---|--|
| <ul style="list-style-type: none"> • Advertising • Animation • Architectural and interior design • Brand, product and fashion design • Cultural exhibition and performance • Digital gaming and entertainment • Industrial craft • Mobile phone applications • Motion pictures • Music and performing arts • Radio broadcasting and TV • Toys and playthings • Visual arts | <ul style="list-style-type: none"> • Business process outsourcing • Engineering design • Financial services • Hardware and systems design • Legal services • Medical and healthcare services • R&D and consulting services • Software development • Website development |

Source: Cesar Tolentino, *Framework for Clustering Creative Services, 2008*

Table 26: Creative goods exporters, developing economies, 2005

| Rank | Exporter | Value (US\$ Mn) | Market share (%) | Growth rate (%) |
|------|------------------|-----------------|------------------|-----------------|
| | | 2005 | 2005 | 2000-2005 |
| 1 | China | 61,360 | 18.29 | 17.6 |
| 2 | Hong Kong, China | 27,677 | 8.25 | 0.8 |
| 3 | India | 8,155 | 2.43 | 21.1 |
| 4 | Turkey | 5,061 | 1.51 | 16.3 |
| 5 | Thailand | 4,323 | 1.29 | 5.1 |
| 6 | Mexico | 4,271 | 1.27 | 0.5 |
| 7 | Malaysia | 3,233 | 0.96 | 7.8 |
| 8 | Singapore | 3,067 | 0.91 | 17.5 |
| 9 | Korea | 2,942 | 0.88 | -2.8 |
| 10 | Indonesia | 2,833 | 0.84 | 0.1 |

Source: UNCTAD

| Headline Recommendations | |
|--------------------------|---|
| 1. | Improve planning with a Philippine Creative Industries Master Plan , pass legislation to create the Creative Industries Development Council , and organize the private sector into a Creative Industries Initiative . |
| 2. | Stimulate the overall creative industries environment with human resources development, rebrand the Philippine creative image, protect intellectual property, organize awards, exhibits and lectures, study foreign markets, reduce local costs, develop uniquely Filipino products, encourage tie-ups with large foreign firms, and encourage Filipino talent to stay home, as well as return home. |
| 3. | Encourage foreigners to practice creative industry professions in the Philippines, as a key to attracting creative investments and R&D activities, resulting in technology transfer, investment, and job creation. Remove restrictions on foreign equity in advertising. |

Recommendations (16)

- A. **Create a Philippine Creative Industries Master Plan** that details where the industry should be going and steps that must be taken towards its goals. The Master Plan will create a consistent policy framework for the sector (mapping) and cost about PhP 5 million. (Immediate action DTI and private sector)
- B. Pass Senate Bill (SB) 2131 (14th Congress) to **establish the Creative Industries Development Council. Ideally, the private sector will drive the council.** (Medium-term action DTI, Congress, and private sector)
- C. The private sector should organize a **Creative Industries Initiative** and eventually an effective association/organization similar to BPAP to discuss key strategies to improve the Creative Industries sector and not wait for government to be the prime mover. All subsectors should be included. (Immediate action private sector)
- D. The **GRP should** actively facilitate creative industries by **showcasing Philippine talent and releasing budgeted funds** for trade shows and sub-sector specific congresses.⁵⁰ (Immediate action DTI)
- E. Be more alert and do more to **protect Philippine intellectual property.**⁵¹ Government should not only create laws and rules but also implement and enforce them. (Immediate action DTI and private sector)

⁵⁰ DTI funds budgeted for trade shows and technology development are released only after extreme delays. Many project proposals are not approved and funded.

⁵¹ Clients use an idea presented to them without compensation. Original designs from the Philippines are taken to China and Vietnam for mass production without compensation.

- F. **Re-Create a Design Center of the Philippines**, where international designers lecture and advanced training for local designers is provided. The Design Center will promote interchange of American, Asian, and European design ideas, while informing potential investors of opportunities in the Philippines. (Immediate action DTI and private sector)
- G. Regarding human resources, **improve design curriculum and training facilities** to foster talent development and entrepreneurial skills. Organize internship programs to train apprentices. Be **open to foreign ideas and travel** to understand markets abroad. (Immediate action DTI and private sector)
- H. **Expand the Philippine design talent pool** by making better opportunities available to Philippine designers working abroad. Make Filipinos more aware of their design capabilities through awards, exhibits, and lectures. (Medium-term action DTI and private sector)
- I. **Encourage foreign professionals to practice and invest in creative industries in the Philippines**, resulting in technology transfer, investment, and job creation. Correct the restrictions in existing laws that do not allow foreigners to practice architecture, landscape architecture, interior design, and other professions. They can own a company that provide those services and hire Filipinos to do the creative work but are not allowed to practice. (Immediate action NEDA, PRC, DTI, and private sector)
- J. **Remove restrictions on foreign equity in advertising.** (Medium-term action, chosen method to amend Constitution)
- K. **Re-brand** the country's creative products and coherently market them **abroad as distinctively Filipino.**⁵² (Immediate action DTI and private sector)
- L. **Create a Creative Center** mandated to show the best Filipino talent with events to showcase Philippine designs and conduct lectures. (Immediate action DTI and private sector)
- M. Expand the small domestic market by **encouraging Philippine creative industry practitioners to sell what they create abroad.** Ideas and designs can be implemented or produced abroad and adapted to many foreign cultures. Encourage entrepreneurship and create incubators. Foster the export of creative services and products rather than the export of Filipino designers and creative people. Design a program to **bring overseas Filipino creative professionals back home** by providing incentives to work and establish their own companies in the Philippines. (Immediate action DTI and private sector)
- N. To compete with lower-cost production centers abroad, **seek greater efficiency and cost savings in domestic production for export.** (Immediate action DTI and private sector)
- O. **Conduct foreign market studies** to determine where the local Filipino input in design and/or materials has unique competitive value. (Immediate action private sector)

⁵² Hong Kong, Singapore, and Thailand are examples of governments promoting creative industries.

- P. **Partner with larger foreign companies** abroad with distribution networks for Filipino designs and creative products. (Immediate action private sector)



Creative Industries FGD Participants, Moderator and Secretariat

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**Joint Foreign Chambers of the Philippines
FOCUS GROUP DISCUSSION ON CREATIVE INDUSTRIES**