



# **The Entertainment Sector in CARICOM**

## **Key Challenges and Proposals for Action**

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**Inter-American  
Development Bank**

Integration and Trade  
Sector

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## **Abstract**

Although small in terms of population, the Caribbean is renowned for its creativity. Its cultural diversity is manifested in a variety of artistic expressions including folklore, crafts, performances, music festivals, and carnivals. Despite the Caribbean's great potential in the entertainment sector, important domestic challenges - emanating from both public and private sectors - have long impeded the successful growth of creative industries. The paper explains how the implementation of the Economic Partnership Agreement with the European Union should serve as an impetus for stakeholders in the region to address these barriers thereby creating favorable conditions for the production and export of Caribbean entertainment services.

This Study presents an overview of policies in the creative sector in terms of the promotion of services exports in selected CARICOM states: Barbados, Jamaica, and Trinidad and Tobago. This Technical Note highlights bottlenecks to implementation of recommendations proposed in existing analyses and diagnostics and suggests specific ways in which these can be overcome. It formulates concrete recommendations for relevant actors, including donors and domestic governments, to promote the development of the creative industries.

**JEL Codes:** F10, F13, F15

**Keywords:** Entertainment Services, Creative industries, Trade in services, CARICOM.

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## LIST OF ACRONYMS

ATA	Admission Temporaire/Temporary Admission
BCSI	Barbados Coalition of Service Industries
BNDES	Brazilian Development Bank
CARICOM	Caribbean Community
CARIFESTA	Caribbean Festival of Arts
CARIFORUM	Caribbean Forum (of the African, Caribbean, and Pacific Group of States (ACP), namely CARICOM and the Dominican Republic)
CBU	Caribbean Broadcasting Union
CET	Common external tariff
COTED	Council for Trade and Economic Development
CRNM	Caribbean Regional Negotiating Machinery
CSME	Caribbean Single Market and Economy
CSS	Contractual Service Suppliers
CXC	Caribbean Examinations Council
EC	European Commission
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ENT	Economic needs test
EPA	Economic Partnership Agreement (between CARIFORUM and the European Union)
EU	European Union
ICT	Information and communication technologies
IDB	Inter-American Development Bank
IFCIC	Institut pour le Financement du Cinéma et des Industries Culturelles
ILO	International Labour Organization
ITC	International Trade Centre
JAMPRO	Trade and Investment Jamaica
JVPA	Jamaica Film and Video Producers' Association
MIDEM	Marché International du Disque et de l'Édition Musicale
NCDF	National Carnival Development Foundation
ODCs	Other duties and charges
OECS	Organisation of Eastern Caribbean States
OTN	Office of Trade Negotiations
RCC	Regional Culture Committee
TTCSI	Trinidad and Tobago Coalition of Services Industries
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific, and Cultural Organization
U.S.	United States
UTT	University of Trinidad and Tobago
WIPO	World Intellectual Property Organization
WOMEX	World Music Expo
WTO	World Trade Organization

## I. Introduction

*The Trinidadian musical group Lovey's String Band toured New York and was recorded in 1912, at least five years before the first jazz recordings were made. This trend continued in the pre-World War II period in 1934, when Roaring Lion and Atilla the Hun, two calypsonians, performed live on the U.S. commercial broadcasting television network the National Broadcasting Company (NBC) during prime time, and recorded 16 songs for an album released by RCA. Meanwhile, Harry Belafonte's album entitled "Calypso," which featured many calypsos from Trinidad, was the first LP to sell 1 million copies in the United States in 1956. (Burke, 2010).*

## Background

The Caribbean Community (CARICOM) region, although small in terms of population, is renowned for its creativity. It is culturally diverse, which distinguishes it as an interesting and complex cultural location. This cultural diversity manifests itself in a variety of creative forms, the most famous being music (reggae, dancehall, calypso, soca, and chutney). The range of artistic expression includes folklore, crafts, performances, music festivals, and carnivals. In trading terms, Caribbean cultural products and services have become marketable items for export on the international scene. Several Caribbean musicians and other artists have attained global significance and fame in the past quarter of a century. The iconic Bob Marley is still one of the best-known and best-selling dead artists in the world, and his music appeals to various generations. Jamaica is known for its reggae music and later genres, while Trinidad and Tobago is famous for its Carnival. It is also a well-known fact that Trinidad's Peter Minshall designed the opening ceremonies for the Barcelona and Los Angeles Olympics. More recently, Rihanna was the first Barbadian to win a Grammy.

The creative industries in CARICOM constitute a significant sector with substantial economic value and an increasing source of exports. Research from the early 1990s indicates that the Jamaican music industry employs about 15,000 people and accounts for 15-20 percent of the USD 300 million in reggae music sales. Furthermore, the contribution of carnivals and other festivals is very significant in local economies; moreover, Trinidad-style carnivals have been "exported" to Canada, the United States, and the United Kingdom (UK).<sup>1</sup> There are projections for significant growth of the Caribbean music industry with increasing exports. There is also keen interest in the development of a Caribbean film industry that not only has indigenous relevance, but can also sell abroad and collaborates with and invites internationally established productions to come to the Caribbean.

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<sup>1</sup> See Caribbean Export, "The Caribbean Music Industry," *Trade Wins*, Vol. 1, No. 7, 2001.

The visual and performing arts also have the potential to grow and become net exporters, but they have very little support from governments. In addition, most companies need training in business management and techniques so that they can better manage the financial aspects of their operation. However, the cost of input into their activities is high, largely due to government measures at the borders. Governments in the region do not subscribe to the ATA Carnet system, so it is prohibitive to move visual art across the region. The ATA Carnet is an international customs document that allows the holder to temporarily (up to one year) import goods without payment of normally applicable duties and taxes, including value-added taxes. Carnets apply to three broad categories of merchandise: commercial samples, professional equipment, and goods for use at exhibitions and fairs.<sup>2</sup>

The CARICOM states and the Dominican Republic made the culture/entertainment sector a major negotiating issue in the negotiations toward an Economic Partnership Agreement (EPA) with the European Union. It is now time to put in place strategies and concrete actions to take advantage of the market access granted by European countries.

Around the world, the cultural or creative industries have increasingly been perceived as an economic sector in their own right. In the UK, a “Minister for Creative Industries” was appointed in 2005. France set up comprehensive special framework programs, and, in 2006, the European Commission published a 300-page study on the economic importance of the cultural sector. These developments indicate the emergence of important policy strategies with specific focal points and profiles. Public players from Brazil, China, India, and Australia have organized national and international expert conferences on the topic and have founded new research institutions specializing in creative industries. More recently, organizations such as the ITC, OECD, World Bank, WIPO, ILO, UNESCO, and UNCTAD have increasingly addressed the topic. When the European Ministers for Culture and the Media met in Berlin in February 2007, a great number of European states pressed for more emphasis on the topic. For the first time in decades, cultural/creative industries have gained priority on national agendas.

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<sup>2</sup> The Carnet eliminates the need to purchase temporary import bonds. As long as the goods are re-exported within the allotted time frame, no duties or taxes are due. Failure to re-export all of the goods listed on the Carnet results in the need to pay the applicable duties. Failure to remit those duties results in a claim from the foreign customs service to the importer’s home country. More than 70 countries now subscribe to this regime, which was introduced in 1961. The acronym ATA is a combination of French and English phrases: Admission Temporaire/Temporary Admission. For details, see: [www.iccwbo.org/ata/id36365/index.html](http://www.iccwbo.org/ata/id36365/index.html).

The critical need for various economies in CARICOM to transition to new economic activities and diversify their products and services and export structures has been evident for several years. More recently, some countries have been paying closer attention to the creative or cultural industries as a sector with potential for growth and employment creation. In CARICOM, the sector varies significantly from country to country, and its economic impact is most evident in the larger economies — Barbados, Jamaica, and Trinidad and Tobago. But there have been a few very significant successes on the smaller islands as well, particularly in the case of music.<sup>3</sup>

The creative or cultural industries are often referred to loosely as the entertainment sector. For the purposes of this paper, the broad entertainment sector in the Caribbean will be deemed to include the following sub-sectors of activity:

1. The Music Industry, including recording, live performance, and music publishing
2. Film and Television, including on-location productions
3. The Book and Magazine publishing industry
4. The Performing Arts
5. The Visual Arts
6. Festivals and Cultural Tourism
7. Fashion and Glamor

This note will focus mainly on music, the audio-visual industry, and festivals, for which there are more data and more commercially developed practitioners.

This paper will first provide a brief overview of the creative industries in selected CARICOM states (Barbados, Jamaica, and Trinidad and Tobago). It will then review the current and past policies in the creative sector in terms of the promotion of services exports, and will explain their results and lessons to be drawn. Next, it will point out the bottlenecks to implementation of recommendations in existing analyses and diagnostics on the matter and propose specific ways in which these can be overcome. Finally, it will propose concrete measures that could be taken by the relevant actors, including donors and domestic governments, to promote the development of the creative sector.

## **II. The Entertainment Sector and Economic Value**

It should be noted that attempts by governments to promote exports of entertainment services from the CARICOM region are relatively new. Most countries have started looking seriously at this issue

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<sup>3</sup> The international hit song “Turn Me On,” by Kevin Lyttle of St. Vincent and the Grenadines, is a well-known example.

within the past 5-7 years, although some had focused generally on the cultural sector earlier. In fact, it was only quite recently that the culture-trade interface surfaced in policy circles in CARICOM.

The key drivers of the creative economy may be considered to be as follows:

1. Consumption dynamics
2. Innovation
3. Technology
4. Talent
5. Diversity
6. Social capital and collaboration
7. Capital investment and marketing

The Caribbean scores highly in terms of talent and diversity, but other areas are a great challenge. *The most critical are the lack of capital investment and marketing, technology, and social capital and collaboration.* These are the areas that need attention in any export strategy for the entertainment sector.

### **Why Invest in Cultural Industries or the Entertainment Sector?**

Government and donor investment and support to the entertainment industry can be justified on several levels:

#### ***Economic***

The cultural industries provide alternative avenues for industrial development, and, as such, they can broaden the economic base of CARICOM economies. They generate employment and provide a range of new and interesting career options for thousands of young people. They also generate foreign exchange from the export of cultural products and services as well as from visitor expenditure during the festival periods. Moreover they diversify revenue streams for enterprises and entrepreneurs in supporting sectors and stimulate growth directly and indirectly in other sectors of the economy.

#### ***Market-Oriented***

Cultural industries can enhance the image of CARICOM economies and help to create one of the premier destinations in the world. They can attract positive media attention to CARICOM economies and provide a solid platform for destination marketing. This, in turn, can act as a demand-pull for investors to CARICOM economies.

### ***Socio-Cultural***

Vibrant cultural industries promote self-worth, build the cultural confidence of the society, and promote cohesion. They also encourage innovation and creativity within a society and build cultural competencies to create a set of indigenous skills that are difficult to replicate. Cultural industries stimulate regeneration of a location or a region: the annual Carnival has created an image of Trinidad and Tobago as one of the trendiest destinations in the Americas and, in some quarters, as the “entertainment capital” of the English-speaking Caribbean. This perception has positive implications for destination branding and marketing.

Cultural industries effectively cross-fertilize with levels of education to provide teaching aids and resources for other disciplines, to widen the options for curricula development, and to provide alternative avenues of education and training for the young unemployed. They also reinforce the heritage and cultural fabric of a society, since the underlying skills in any cultural industry are derived from the art, culture, and heritage of the country. Raw talent will always be critical to the success of the cultural industries. Finally, the cultural industries stimulate development of a society’s heritage through the construction of theaters, museums, art galleries, and cultural villages.

The experience of countries that have successfully promoted their domestic cultural industries shows that this sector can contribute to skill-intensive, high value-added activities that generate rich upstream and downstream linkages with ancillary sectors throughout the economy, including information and communication technologies (ICT) and design capacities. In regional and international deliberations on the subject, CARICOM governments should acknowledge the development potential of the cultural industries and ensure that there is an appropriate balance between policies regarding the protection of culture and heritage and the promotion of market access for their producers globally.

## The Potential to Increase Employment

Some of the different types of jobs in the sector are listed in Table 1. Some are fungible skills and relate to various activities across the different sub-sectors. It is important to stress that many young people are attracted by employment in the creative sector, and, in the Caribbean, young people comprise the vast majority of most national populations.

**Table 1. Categories of Employment in the Entertainment Sector**

<b>Performers/Artists</b>	
Dancers Singers Musicians Songwriters	Actors Poets Radio/TV hosts Disc jockeys (Deejays)
<b>Producers of Media/Audio-Visual Content</b>	
Music studios/labels Film studios/producers Directors Graphic artists/designers Web designers Animators Writers	Editors Recording/sound engineers Sound reinforcement providers Camera operators Lighting technicians Location managers Set designers Props management
<b>Carnival</b>	
Band leaders Costume designers	Wirebenders Purchasers/buyers Booking agents
<b>Representation/Management</b>	
Show promoters Show producers Stage managers Set designers Choreographers Make-up artists Personal and business managers	Personal and business managers Tour managers Agents and publicists Public events managers Intellectual property lawyers Publishers Distributors/retailers

*Source:* Author.

There is a lot of untapped potential in the cultural/creative industries to create growth and jobs if new overseas markets are targeted in a sustained and cohesive manner. To do so, CARICOM governments and the private sector must identify and invest in new sources of smart, sustainable, and inclusive growth drivers to stimulate the sector. Much of the Caribbean's future prosperity will depend on how these governments and the private sector use their resources, knowledge, and creative

talent to spur innovation. Building on their relatively rich and diverse culture, Caribbean people could pioneer new ways of creating value added, but also of working together and sharing resources.

Technology and the availability of broadband infrastructure in urban and rural areas open up new opportunities for creators to produce and distribute their works to a wider public at a lower cost, independently of physical and geographical constraints. Provided that information and communication technologies are used to the fullest extent by cultural content providers and traditional patterns of production and distribution are reassessed, creators will have potentially larger audiences and markets and there will be a more diverse cultural offering for citizens. At the same time, the roll-out of ICT depends on the availability of high-quality and diversified cultural content. Cultural content, therefore, plays a leading role in the acceptance of these new technologies by the wider public and in the development of the e-skills and media literacy levels of CARICOM citizens.

This new environment substantially changes traditional production and consumption models, challenging the system through which the creative community has, up to now, drawn value from content. The impact differs widely from business to business and is influenced by where a given business stands in the value chain. Economic value is being displaced toward the end of the chain, which, in certain sectors, affects the effective reward for creation. Moreover, parts of the content industries, particularly the recorded content industries, have been severely hit by piracy and losses in sales of physical supports (e.g., CDs and DVDs), which have damaged their development, shrunk their revenue basis, and consequently limited their potential to generate jobs and investment. This is why the industry also needs to develop new and innovative business models.

### **The Role of the West Indian Diaspora**

There is a strong diaspora element in the export of most entertainment services from the Caribbean region. Indeed, Nottinghill Carnival in the UK, Brooklyn Carnival, and Caribana in Toronto are major events that provide opportunities for live performances by artists from the Caribbean (mostly soca and calypso music). Caribana is driven by West Indians based in Toronto, and, in terms of entertainers, it is mainly Trinidadians and some Jamaicans who perform at various venues. Very few entertainers from the Organisation of Eastern Caribbean States (OECS) countries and Barbados take part in Caribana. Perhaps this is because Caribana takes place in August, which clashes with carnivals in the OECS countries and Barbados. The Brooklyn Carnival, which takes place on Labor Day weekend in the U.S., may be more accessible.

While the West Indian populations in major cities in Europe and North America provide the impetus in terms of demand for Caribbean cultural expression, there is no indication that the diaspora is a source of investment in the sector in these populations' home territories. In fact, what has evolved in the past 20 years is greater development of the economic and creative activities for carnivals in London, Toronto, and New York by West Indian immigrants that live in these cities. In addition, musicians are also emerging in these locations to supply the music and entertainment that accompany carnivals. There are cost reasons for this, since it is much cheaper to hire local performers than to bring entertainers from the Caribbean.<sup>4</sup> Nevertheless, the main concert events related to the diaspora carnivals still feature the famous and popular artists from the Caribbean. An interesting pattern is the increasing numbers of West Indians who go to the carnivals and related events in the metropolises to consume entertainment services there. Therefore, technically speaking, they are importing such services rather than exporting them. Of course, increasing numbers of West Indian immigrants living in European and North American cities also return to the Caribbean for carnivals and other festivals, and there is some evidence that they contribute significantly to the local economies.

But, to contribute to significant export earnings, Caribbean creative entrepreneurs have to look beyond their diaspora communities and appeal to wider audiences. If not, they will be limited to relatively small niche markets in large economies, and there is little potential for significant growth in these tiny markets. The exponential growth in the success of Rihanna from Barbados, who is signed to a major record label and sings mainstream pop music, is a case in point.

### **III. Main Issues Affecting the Entertainment Sector**

In 2006, a landmark and comprehensive study of the cultural industries in Caribbean Forum (CARIFORUM) states, commissioned by the Caribbean Regional Negotiating Machinery (CRNM)<sup>5</sup>, recognized that governments and the corporate sector in most Caribbean countries have not fully appreciated the new directions in the global economy and the ways in which their economies can diversify to meet new challenges and take advantage of emerging opportunities (Nurse et al., 1997). It revealed that, although the cultural industries account for a significant amount of employment and value added, they are not seriously regarded as an economic sector, the key stakeholders in the

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<sup>4</sup> This is even the case in music festivals in European cities in which there are music bands composed of immigrants from numerous different countries who play their traditional music. But, unlike North American festivals, European events often benefit from much greater public subsidies, which continue to make it possible to showcase world musical artists who live and work in their home territories. Concerts in Canada and the U.S. must be totally commercially viable.

<sup>5</sup> The CRNM is now known as the Office for Trade Negotiations (OTN) of the CARICOM Secretariat.

industries are poorly organized, and the sector's economic value remains largely undocumented. In this context, policy measures have typically been absent, and, when there have been investments and initiatives, they have tended to be short-lived, piecemeal, or ad hoc and misdirected. Changing the mindset of the governments and the corporate sector is key to transforming the sector's viability, but it is equally important for the industry stakeholders to become better organized and provide a more sustained and cohesive advocacy campaign to promote their interests.

While the entertainment sector makes a valuable contribution to the Caribbean economy, information on its importance remains limited. Consequently, the sector has not been prioritized in government economic policy formulation throughout the region. The sector has achieved some measure of export success, but it is far from maximizing the emerging economic opportunities. The competitiveness of the Caribbean is also threatened by the rapid changes in technologies and the accompanying transformations in business models. All CARICOM states need investment in cultural industries because the domestic capital base is inadequate. Furthermore, convergence of media and ICT is important for marketing cultural products and services.

Cultural industry stakeholders from all sub-sectors have pointed out that the kinds of incentives that are granted to manufacturing are not granted to cultural industries. Yet, the latter also export products and services. Furthermore, the ability to export for the first time requires technology and equipment of high quality, but the high charges for such equipment are major disincentives to investing in them. The rationale for some tariff rates in the Common External Tariff is also unclear. For instance, the border taxes applied on cut paper for printing in some CARICOM states amount to 20 percent, but there is a zero tariff on printed books imported into the region. This simple measure has largely led to the migration of the publishing industry to other locations. Most textbooks for the Caribbean Examinations Council (CXC) curricula, which are used all over the region, are published in Asia, and two publishers in Trinidad and Tobago have indicated that the main reason for this is the tariff on cut paper, which is a significant input cost for the publishing sector.

### **Recommendations from Previous Studies and Consultations**

The key recommended actions for fostering a regional environment conducive to the development of the creative industries in CARICOM states include the following:<sup>6</sup>

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<sup>6</sup> See Nurse et al (2007); James (2007); Burke et al (2009); Hoagland (2007); Sinclair (2009); Stanbury (2003).

### ***Government Agencies***

1. Create an enabling environment for creative industries through the development, implementation, and harmonization of government policies on trade, industrial, and intellectual property policies relevant to the sector.
2. Invest in better facilities or infrastructure for the creation of music and the performing arts in general. In some countries, there are no decent venues for artists of any kind to practice or perform.
3. Introduce incentive regimes specific to creative industries, for example, tax incentives to individual artists, tax concessions to purchasers of Caribbean creative products, and tax and duty waivers for importers of specialized equipment and material that are used as inputs into the creative process or productions.
4. Upgrade the human resource capabilities of the cultural sector through technical training in the arts at the secondary and tertiary educational levels, as well as training in arts administration, management, and cultural entrepreneurship. Increase funding and human resources for regional art institutes and forge alliances with similar institutions overseas. Increase scholarships for training.
5. Preserve or introduce proactive policies aimed at promoting cultural diversity and investment in the cultural sector through bilateral and multilateral negotiations (e.g., WTO) and through inter-regional arrangements, for example, negotiation of improved market access to trading-partner markets.
6. Harmonize, simplify, and implement intra-regional trade measures to facilitate the deepening of the regional market for cultural goods and services (e.g., common customs regimes and procedures, and skilled national certification procedures). Key issues are the freedom of movement of cultural workers and equipment, the expansion of the number of professionals listed in the category, and greater precision in defining their function.
7. Remove or reduce tariffs or duties and taxes on inputs for creative products and services.
8. Adopt the international Carnet system by CARICOM governments to facilitate less costly movement of cultural goods for exhibition and promotion overseas.
9. Enter into double-taxation treaties with trading partners to address the issue of withholding taxes on entertainment contracts for Caribbean artists that perform overseas.

Oblige the inclusion of specific provisions on cultural goods and services in investment promotion contracts for investors in the Caribbean.

10. Increase public-private consultation in culture-related policymaking and in the training of officials on the particularities of creative industries. Increase stakeholder awareness-building initiatives on the policies that affect the creative industries.
11. Improve data collection systems and documentation of the economic impact of the cultural industries to establish benchmarks, targets, and policy measures to promote employment generation, enterprise development, industrial upgrading, and export expansion.
12. Increase local and regional content on the airwaves (e.g., radio and TV) through local content legislation/regulation, where needed. Encourage and facilitate the “uploading” of local and regional content onto the World Wide Web, for example, through the webcasting of festivals and events.

***Public-Private Partnerships (Governments and Cultural Professionals)***

13. Develop cultural industry associations to represent the interests of the sector and to develop a code of ethics and standards for remuneration rates and work practice, particularly for cultural workers that provide services to private investors. Incentives should be provided by donors or governments for the establishment of such entities, and funding should be allocated to defray the costs of their operation, where necessary.
14. Improve access to financing, credit, and business support services for emerging and export-ready firms and artists, and educate financiers on valuing intellectual capital. Establish booking agencies and trade/export facilitation centers. These measures should be matched by market development grants and financing for participation in trade fairs.
15. Improve anti-piracy initiatives and public awareness campaigns in the regional and diasporic markets for protecting the copyrights of creative products and services. National and regional rights management centers need to be established for multiple areas of the cultural industries (e.g., music, book publishing, and the visual arts). The prevention of copyright exploitation, and protection and collective administration are vital components of the industrial and export agenda.

16. Develop and execute strategies for increased linkages between the cultural industries and the wider economy, for example, distribution, education, financial services, and tourism. With regard to tourism, this could be done through festivals such as the Caribbean Festival of Arts (CARIFESTA), which needs to be significantly revamped. Facilitate and encourage new marketing strategies targeted at the diasporic and intra-regional markets as well as cultural tourists.
17. Improve accessibility to broadband Internet services to facilitate alternative broadcasting, marketing, and distribution of cultural goods, services, and events. Establish a stronger e-commerce platform and a regional warehousing and fulfillment system for the sale and distribution of cultural goods and services.
18. Invest in marketing and branding of the region's cultural industries. The Caribbean already enjoys a lot of market appeal. This needs to be translated into stronger commercial opportunities for distribution over the Internet as well as expanded destination branding for cultural tourism.

#### **IV. Overview of the Entertainment Sector in Selected CARICOM States**

##### **The Music Industry**

The factors that the Caribbean region possesses with respect to the development of the music sector are:

- An abundance of natural talent
- A rich history of creative expression and diffusion
- A significant diaspora that resides in many countries throughout the world
- A resilience of the industry despite little corporate support
- A high public-relations profile throughout the rest of the world in the case of Jamaica
- Relatively low internal operating costs with respect to the further development of the industry

Most music from CARICOM countries would be classified as World Music. This occupies a small but unique niche in the USD 79.1 billion global music industry. Table 2 contains estimates of the gross spending on World Music in the three sub-sectors discussed previously, the recording industry, music publishing, and live music. The total spending of USD 1.4 billion represents 1.8

percent of the global industry. As the table shows, the estimated turnover of the market is dominated by sub-sector three, live music. Within that sub-sector, the notable feature has been the strong growth in the number of summer festivals specializing in World Music over the last decade, especially in Europe.

**Table 2. Turnover of the World Music Market 2006 (USD Million)**

Recording industry	540
Music publishing	60
Live music	800
<b>Total</b>	<b>1,400</b>

*Source: Laing, 2009.*

The music publishing sector is weak mainly because of the very limited airplay for the genre, and the sales of World Music recordings represent an average of about 2 percent of the total market in North America, Western Europe, and Japan. Given the importance of live performances in World Music earnings, it is critical for entertainers from CARICOM to expand their base and explore new markets in the European Union. To date, only the well-known artists perform in European music festivals.

### ***Trinidad and Tobago***

The 2006 Strategic Plan for the Entertainment Industry of Trinidad and Tobago indicated that approximately 1,000 artists were regularly involved in the recording business and that approximately 3,000 artists were regularly involved in live performances. There are no available data with regard to sales units, sales value, or annual output of singles and album titles, but Earl Crosby of Crosby’s Music Centre Limited, an established distributor and retail operator, suggests that an average of 30 albums are produced annually in Trinidad and Tobago. He also indicated that, in the 1980s, there were no less than seven active retailers and distributors in the New York area alone specializing in music from Trinidad and Tobago. But digital downloads have long since reduced that number (Stanbury, 2006).

The indigenous music industry in Trinidad and Tobago exhibits particular characteristics. While it is very vibrant, the sector consists primarily of small and micro enterprises operating in a largely unregulated market. Most recordings are produced in small or home-based studios in Trinidad and the Caribbean diaspora. The majority of the enterprises have limited access to technological and

human resources, are self-financing, and exist in the informal economy (UNDP, 2010). This is the case in spite of major successful artists such as Machel Montano, Kes the Band, and others. The primary challenges are the small size and the seasonal nature of the popular music, linked as it is to the Carnival cycle. The seasonality of the music gives creators and performers a very small time frame in which to sell their products because consumer interest wanes significantly once the festivals are over. The small market size has created an ongoing search for external markets in North America and Europe. However, not much of the local music has universal appeal beyond diaspora communities in North America and Europe, compared to reggae music which is globally entrenched.

The greatest income stream is from live performances because of the music's (*soca* and *calypso*) strong linkage to the festival economy, where a high premium is placed on live performances. The overseas carnival circuit within the Caribbean diaspora provides the most significant market for Trinidadian entertainers touring during the year, affording them the opportunity to earn foreign exchange and gain much-needed exposure.

### ***Jamaica***

Studies have confirmed that the copyright industries, which include all of the sectors under the entertainment umbrella, contribute approximately 5.1 percent of Jamaica's gross domestic product (GDP) per year and account for 3 percent of total employment in Jamaica. In 2004, an estimate of 6,000-12,000 persons was directly employed in the music industry alone. Recent estimates place that number closer to 15,000 persons, with the industry generating in excess of USD 52.5 million in revenue (James, 2007).

The Jamaican music industry has considerable depth and breadth and has evolved from *mento*, *ska*, and *rocksteady* to *reggae*, *dub*, *dancehall*, and other later genres that now appeal to a mainly young audience all over the world. The reggae element seems to have the most widespread and lasting appeal, and Jamaican artists regularly perform in annual music festivals in Europe and in commercial concerts in Japan. There are uniquely Jamaican music labels, a few of which are quite famous, and several recording studios in Jamaica. Also, some Jamaican artists (such as Jimmy Cliff, Third World, and Sean Paul) have attained an international reputation and wide appeal, and they perform with mainstream North American musical stars who are backed by powerful recording labels. Jamaican music has influenced hip hop and R&B and is, in turn, influenced by them. But there are numerous other lesser-known artists and new ones that emerge each year who face the challenges

of appealing to audiences beyond Jamaica in order to become financially successful. The creativity and innovation in the local music sector are perhaps due to mainly Jamaican cultural factors. The outward reach and wider audience demand seem to come as a secondary dividend.

While employment levels are not as high in the audio-visual or film sector (between 1,500 to 2,500 persons are employed annually on a part-time basis), the industry generates revenue of USD 14.3 million annually. But there has also been an increase in the number of projects undertaken in film and music, with Jamaica's Trade and Investment Promotion Agency JAMPRO indicating an increase from 82 in 2001, to 121 in 2005 in its Film and Music Division. The number of plays and drama productions staged also increased from 24 in 2002 to 42 in 2005. Location filming brought in over USD 14 million in earnings in 2003 (Roache, 2010).

John McMillan, in a case study entitled *Trench Town Rock: The Creation of Jamaica's Music Industry*, published by Stanford's Graduate School of Business in June 2005, noted that worldwide sales of reggae recordings in the late 1990s were an estimated USD 1.2 billion per year, with approximately 25 percent or USD 300 million flowing to Jamaican musicians, producers, and songwriters. The earnings by Jamaicans from live performances and sales of ancillary products were approximately an additional USD 50 million.

### **Key Challenges Facing the Music Industry**

The rapid technological changes in recent years, which have totally transformed the global music industry, also have major implications for CARICOM creators and music producers. It is no longer possible to make profits from selling shrink-wrapped CDs since music downloads are the main means used by young people to consume music. But most musicians in the Caribbean do not have online platforms for selling their music and must, therefore, rely on American or foreign entities for music distribution. This shortcoming must be addressed. In fact, the technological changes in recent years have been making it very difficult for independent artists/musicians or creative people in general to make money because of the ease of copying and the culture of cheap music downloads among young consumers.

As an industry report recently pointed out, the following trends have totally disrupted and changed the music business:

- The popularity and reach of networks and sites that can facilitate illegally obtaining music for free are strong, particularly in the Asia-Pacific region and in Spain within Europe.
- The four monetizable online consumption channels — legal track downloads, audio-only streaming, audio-visual streaming, and mobile applications — are seeing significant demand from global online consumers.
- Legal digital downloads remain prevalent globally and are popular with 17 percent of global online consumers, and they are showing double-digit growth in Europe.
- Audio-only streaming is proving more popular than legal digital downloads, capturing 26 percent of global online customers when accessed via a computer. This figure may increase as dedicated services become more available. Unfortunately, subscription models have yet to gain popularity with users, although opportunities may be found to promote these models by offering extra features.
- Music video is the most popular consumption medium, with audio-visual streaming websites being visited regularly by around half of the global Internet population. Music is consumed three times as often by audio-visual stream than by digital download. Possibilities of more explicit monetization may exist for this channel (Nielsen Music, 2011).

Most artists in CARICOM states are not in a position to deal with these trends, and they need technical assistance to cope with the changes in their industry and adjust their business models. There are no current initiatives to deal with this issue, although it has been pointed out in various studies. Part of the problem may be due to the fact that a lot of the music produced in the region is still at the cottage-industry stage or in the informal sector, and the fragmented nature of the music industry prevents industry-wide mechanisms to deal with these changes. In addition, platforms for e-commerce are largely underdeveloped in the Caribbean. Royalties for Caribbean music and art amounted to about EUR 3.3 million in 2008, according to a report by the International Confederation of Societies of Authors and Composers.<sup>7</sup>

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<sup>7</sup> See CISAC 2009 report at: [www.cisac.org/](http://www.cisac.org/)

## **The Film/Audio-Visual Sector**

Although the indigenous film/audio-visual sector in the Caribbean is not as commercially successful or profitable as the music industry with regard to exports, this sector is rapidly developing and is full of creative and talented persons who need avenues to develop their capabilities. It is also a means for CARICOM states to promote themselves and their cultures globally in a world that is dominated by American programming. The film/audio-visual sector needs investment and specialized training for creators.

Fifteen years ago, the Caribbean film and video industry was still in its infancy. The region produced a plethora of music videos, corporate documentaries, advertisements, and live television shows, including news, talk shows, sports, and carnivals and other national cultural festivals. However, there were very few quality independent documentaries, dramas, or feature films. At the annual Caribbean Broadcasting Union (CBU) awards competition, the majority of the prizes were won by Cuban filmmakers, apart from Great Belize Productions, which won prizes for a couple of short features. Very few of the national productions are seen outside of their countries, apart from the soap operas *Royal Palm Estate* from Jamaica and *Westwood Park* from Trinidad and Tobago. There are virtually no co-productions within the region or with international partners. However, some local film professionals, such as production managers, “fixers,” drivers, caterers, and technical assistants, do get to work on foreign productions being filmed on location in the Caribbean, especially in Jamaica.

Very significant changes have occurred in recent years in the Caribbean audio-visual sector. The 2007 Bridgetown Film Festival (Barbados) screened 10 feature films made in the region. Some of these have had good reviews at international film festivals, but few will be able to manage global penetration due to inadequate distribution and marketing capabilities and the concentrated nature of the global film distribution industry, which is tightly controlled and dominated by Hollywood interests. It is, therefore, not surprising that only a few movies made in the CARICOM region have ever been released internationally. Some films also need to improve on quality. However, the overall quality and international appeal of Caribbean audio-visual output can be greatly enhanced with the proper investment in the relevant technology, training, and other development and marketing initiatives (Nurse et al., 2007). The economic potential of a viable film industry cannot be overstated in terms of its overall tourism value in promoting specific countries and/or the CARICOM region.

In March 2011, sixteen feature films or documentaries and one animated short film produced in CARICOM countries were screened at the CaribbeanTales Film Festival in Barbados. An interesting development that shows the potential commercial prospects for the audio-visual sector was the establishment of CaribbeanTales, a distribution company for Caribbean film based in Toronto, which now has a catalogue of 60 films.<sup>8</sup>

In Jamaica, the local film industry essentially comprises both local and foreign projects. Over the past three fiscal years, JAMPRO has facilitated the launching of some 209 film projects. The majority of the projects have fallen within the broadcast television program category and have accounted for 57 percent of the total.<sup>9</sup> Only one international (Hollywood) feature film has been produced in Jamaica since 2007 (*Knight & Day*), and, more recently, three local feature films (*Better Mus Come*, *Dance for Grace*, and *Rise Up*) were produced there. The Jamaican feature film *Ghetto Life* was released in 2011. JAMPRO has indicated that Jamaica is consistently shortlisted by film producers, but it is not selected because, when compared with its competitors, it does not have the breadth or scope of incentives to attract significant levels of investment.<sup>10</sup>

Stanbury (2003) reported that the Jamaica Film and Video Producers' Association (JFVPA) estimated that there were at least 20 companies actively involved in film and video production and over 300 individual private contractors who provide services to the sector in Jamaica. Jamaica is somewhat famous for its appeal for location shooting, and some major Hollywood movies have been filmed there since the 1950s. Maxine Walters — an experienced and highly respected local line producer, who has worked in various capacities on Hollywood projects in Jamaica such as *Treasure Island*, *Clara's Heart*, and *The Mighty Quinn* in Portland, as well as *Instinct* and *Legends of the Fall* in other parts of the island — stated that a film project represents a quick short-term injection of funds that also creates good temporary jobs.<sup>11</sup>

JAMPRO is in the process of developing a new film policy. The general aim of the policy changes is to increase the number of film projects undertaken each year in Jamaica through the provision of investment vehicles for films. A cost/benefit analysis of the impact of the film industry on the local economy revealed that the economic contribution of the industry is quite significant. When the indirect benefits accruing from backward and forward linkages are added to the

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<sup>8</sup> See: [http://caribbeantales-worldwide.com/?page\\_id=2016](http://caribbeantales-worldwide.com/?page_id=2016).

<sup>9</sup> Documentaries (18 percent), television productions (30 percent), and television series (9 percent).

<sup>10</sup> Interestingly, during an exploratory mission by Caribbean filmmakers to Madrid in 2008, Spanish audio-visual industry investors indicated that they expected full tax-free treatment and bilateral tax treaties to avoid double-taxation in order to even consider a location.

<sup>11</sup> See: [www.jamaicaobserver.com/business/Overseas-film-projects-boost-Port-Antonio-economy\\_7872782#ixzz1N4phqqqo](http://www.jamaicaobserver.com/business/Overseas-film-projects-boost-Port-Antonio-economy_7872782#ixzz1N4phqqqo).

calculations, the impact is seen to be even greater. This overall positive outlook will continue even if there is a lack of government support for the industry, although such support was recommended in a new proposal drafted by JAMPRO.

JAMPRO also recommended that a film industry tax credit scheme be developed to incentivize the private sector's involvement in the industry. The financial contributions of corporate firms would be used to establish Film Funds, which would support industry development, as well as film production and promotion. The incentive program can operate through the extension of tax credits to either a public sector Film Fund or through special provisions for the establishment of private Film Funds. Corporate entities opting to contribute to Film Funds will receive a 70 percent credit against taxable income. It is also recommended that the existing discretionary waivers be entrenched in law, which would make them automatic upon the confirmation that certain eligibility criteria are met.<sup>12</sup> However, the overall aim — similar to that of Ireland — is to focus on the development of the local industry as the catalyst for growth in the number of foreign feature filmmakers that elect to film in Jamaica in the medium to long run.<sup>13</sup>

At the same time, a small sub-set of the audio-visual industry, the animation sector, also shows tremendous potential for growth in CARICOM, but it needs significant investment. Since 2001, the annual *Animae Caribe: Animation and New Media Festival* in Trinidad and Tobago has helped to raise awareness of animation locally and in the region. The festival attracts experts from the international animation industry from renowned studios such as Disney and Sony Pictures. The festival has strong corporate sponsorship. Studios in Trinidad and Tobago and some in Jamaica produce animation primarily for the advertising industry.<sup>14</sup> But they are very small entities and do not yet produce for foreign markets; indeed, very few animation studios in these countries have full-time animation work. They do other things as well. Most animators specialize in animation for short-form commercial usage (such as TV commercials and interactive DVD) and architectural animation. The first set of animators graduated from the Diploma program in animation at the University of Trinidad and Tobago (UTT) in 2010. There are already close linkages between the animation sector in Trinidad and Tobago and Toon Boom Animation of Montreal, which is a world leader in the

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<sup>12</sup> These are recommendations in a proposal developed for JAMPRO.

<sup>13</sup> The intent to develop a film industry in CARICOM states seems to be less ambitious than in the Dominican Republic. In this respect, in January 2011, President Leonel Fernandez of the Dominican Republic visited India to develop a better understanding of the ways in which it developed the skills necessary to create a globally successful movie industry. And, in February 2011, two Dominican companies (Vicini and Indomina) announced that they had entered into a partnership agreement with Pinewood Studios in the United Kingdom to operate and manage a huge new state-of-the-art film and television facility in the Dominican Republic, which has the full support of the government and special incentives for the investment.

<sup>14</sup> Note that the Trinidad and Tobago Film Company's *2009 Production Directory* lists 16 animators or entities involved in animation.

production of 2D animation software and has clients all over the world. The CEO of Toon Boom, Joan Vogelsang, who has Trinidadian connections, has participated in all the Anima Caribbean festivals in Trinidad and has actively supported the efforts of Full Circle Production's Camille Selvon-Abrahams to stimulate an animation industry locally. Ms. Vogelsang also helped start the Diploma in animation at UTT.

Full Circle Production has managed to produce a pilot for a cartoon series based on the folk hero, Anansi spider, which needs funding to develop into a full series. It generated significant interest at the 2010 Toronto Film Festival, and a few broadcasters have indicated that they would be interested in the series. 2-D animation is the first step in a sophisticated chain of high-value activities in new media, which continues on the path to 3-D and the video gaming industry that is worth billions of dollars. The little steps that Trinidad and Tobago (and other CARICOM economies) can take to get animation on that path will produce dividends later. The sector needs public-private sector collaboration to jump-start the fledgling indigenous industry and help fit it into an exciting and innovative global industry in which Canada is a significant player. Canada is renowned for its 2-D and 3-D animation and imaging software developers for interactive digital media, such as Flood Software, specializing in the animation of fluids, and XYZ RGB, which performs 3-D scanning of objects, including faces and animals, for film and games such as *King Kong*, *Lord of the Rings*, *The Matrix*, and Electronic Arts' "Need for Speed."

Governments in CARICOM should think strategically about the significant local initiatives to develop animation and support them in increasing the connections and commercial linkages with Canada, the UK, and other key markets. While animation is taught at the Edna Manley College in Jamaica and at UTT, this instruction is inadequate in terms of training facilities for the development of an export-oriented animation industry. At the same time, there is a need to research the value chains in the global animation industry and promote linkages with them. In particular, national investment promotion agencies should target the animation sector in their outreach and try to attract investment in this area by international firms.

## **V. Deficiencies in the Regulatory/Policy Framework**

### **Support for Creative Industries Internationally**

It is a well-known fact that developed countries invest heavily in their cultural industries. The European Commission has several programs for all sectors of the creative industries in the European

Union, and individual Member States such as France, the UK, and Germany provide very substantial grants and facilities to help these industries develop talent and add value to their economies. Furthermore, there is a clear perception of the creative or cultural industries as economic sectors, and there are policies in place that link them to industrial strategies. For instance, Finland has made creative industries a priority of the Ministry of Employment and Economy. In the Netherlands, the Ministry of Culture works closely with the Ministry of Economic Affairs in relation to policy developments. Similarly, in Germany, the Ministry for Economic Affairs and Technology is responsible for implementing the national cultural industries strategy (KEA, 2010). While these European countries do export some cultural goods and services, it is not a requirement for the funding. The EC's MEDIA 2007 program for the audio-visual sector has a budget of EUR 755 million for 2007-2013.

In the UK, at least 2 million people have jobs related to culture, and the firm KPMG reported to the UK government that employment in the creative sector would grow by 46 percent in the 20 years up to 2015. Tessa Jowell, a former UK Culture Secretary, estimates that 20 percent of UK's GNP can now be attributed to the creative industries, with music alone worth GBP 5bn. The UK film industry employs 47,000 people, the computer games industry 22,000, and the design industry 70,000 (Goris, 2008).

In Canada, the cultural industries accounted for about 1.1 million jobs, and the real value-added output amounted to CAD 46 billion in 2007.<sup>15</sup> Sound recording, book publishing, magazine publishing, broadcasting, film, television, and new media receive funding from a number of sources. Besides the sales of products and services, which are common to all of these industries, revenue sources particular to a given industry may include licensing and distribution, advertising, the sale of rights, investments required of cable companies and broadcasters, government subsidies and loans, and indirect government support through tax-based credit or investment measures. Arts, heritage, and cultural industry organizations alike receive direct government funding, usually in the form of grants or contributions (and sometimes, in the case of cultural industries, loans or loan guarantees). The Conference Board of Canada estimated that spending on culture in 2007, for all levels of government in the country (federal, provincial, and local) amounted to CAD 7.9 billion. The total value of real culture exports was just under CAD 5 billion in 2007. But, beyond direct funding, these sectors are influenced differently by government action and policy. For arts and heritage institutions, tax

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<sup>15</sup> See *Valuing Culture: Measuring and Understanding Canada's Creative Economy*. Conference Board of Canada, Ottawa, 2008.

measures affecting charitable donations are extremely important. The cultural industries, operating in an industrial or business environment, often benefit from tax investment incentives.

More recently, China has been investing heavily in cultural industries at the federal and provincial levels. The newly released 12th Five-Year Plan of the Communist Party of China (CPC) made it clear that the cultural industries should be developed into a pillar of the economy in the next five years, meaning that the cultural sector should comprise at least 5 percent of the total GDP by 2015, whereas it currently accounts for less than 2.5 percent. In order to address the financing difficulty faced by China's cultural sector, in 2010, nine government ministries jointly issued guidance on financial support for the rejuvenation and prosperity of the cultural industries (Zhenyu, 2011).

Brazil is also investing in the development of its creative industries, and successive governments are continuing this approach. The Brazilian Development Bank (BNDES) seeks to encourage the development of creative companies and agents, aimed at expanding the cultural goods and services market and making it more efficient, with economic sustainability and social gains. To achieve this goal, it offers "a diversified set of financial support tools to the cultural industry, including application of non-reimbursable funds in artistic/cultural collections and projects for the preservation of Brazilian historical heritage."<sup>16</sup> In addition to investing in projects and companies in the cultural sector, the BNDES also regularly offers free exhibits and presentations, besides sponsoring cultural events across the country.

### **Inadequate Support for the Entertainment Sector in CARICOM**

A conducive and supportive regulatory and legal environment is a *sine qua non* for the growth and development of thriving and competitive cultural industries. Indeed, countries with strong cultural sectors and those that succeed in marketing globally competitive cultural goods and services have had to carve out sufficient policy space and set up the appropriate infrastructure to enable local creativity to flourish, allow creative persons and enterprises to develop, and ensure that their rights and obligations are respected and legally protected. The experience of countries that have successfully promoted their domestic cultural industries (Ireland and Canada) shows that this sector can contribute to skill-intensive, high-value-added activities that generate rich upstream and downstream linkages with ancillary sectors throughout the economy, including ICT and design capacities.

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<sup>16</sup> See BNDES website: <http://www.bndes.gov.br>

If one considers all of the initiatives (studies, workshops, and consultations) that have been undertaken in CARICOM countries in the past eight years regarding cultural or creative industries, it would suggest that national governments are really interested in developing this sector. In Barbados, the National Task Force on Cultural Industries was one of the first task forces of its kind to be established in the Caribbean in 2002, comprising nine ministers and a number of representatives from different sectors and institutions and focusing on culture and development. As a result, Barbados' Creative Economy: A Cultural Industries Development Strategy was prepared in 2004. Since then, increasing attention has been devoted to the potential of the creative economy as a development strategy for Barbados. However, not much has changed in the sector. The strategy and a proposed bill to grant incentives to the sector have stagnated for several years, and while a third government is in place, an incentive regime has not yet been established.

The situation in the rest of CARICOM is very much the same — various consultations and pronouncements at the political level, but little support to the sector or removal of government measures that constrain the sector's development. Trinidad and Tobago has had strategies for the Entertainment Sector (2006) and the Film Industry (2005). They have resulted in some funding for the Entertainment Company (TTent) and the Trinidad and Tobago Film Company, but their budgets are insufficient.<sup>17</sup>

The Government of Jamaica released a cultural policy document in 2003 with a somewhat ambitious title, "The National Cultural Policy of Jamaica: Towards Jamaica the Cultural Superstate" which contained very relevant and good intentions, including the following:

- Give direction to activities geared toward the development of cultural industries through the provision of incentives for private-sector involvement in this area.
  
- Articulate clear and coherent actions between this industrial sector and other industries/sectors in order to ensure that strategies, instruments, and mechanisms already in place or being negotiated in those other sectors may be of benefit to cultural industries.

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<sup>17</sup> The Trinidad and Tobago Film Company recently received proposals for 250 local projects but has a budget of only USD 1 million.

- Provide financial support, directly or indirectly, to individuals, artists, producers, and institutions involved in the promotion and development of cultural expression, in particular those related to cultural industry development.<sup>18</sup>

However, few of the prescriptions in the policy have been implemented, the reasons for which are unclear. Commentators cite a lack of resources (human and financial), but real political support is also a key requirement for the sector.

Several years ago, JAMPRO set up a Creative Industries Unit as one of its key clusters for development. Jamaica also published a National Entertainment Export Strategy in 2009 and is currently working on a new Film Policy. But these processes take a long time and struggle to produce meaningful policy changes or actions of visible benefit to the sector. The relevant departments are also under-resourced in terms of personnel and financing.

Since 2008, at the regional level, the CARICOM Secretariat has been engaged in discussions through the Regional Culture Committee (RCC) on the development of a Regional Policy Framework on Cultural Industries, but this has not yet materialized. A Regional Cultural Policy of the Caribbean Community dates back to 1996, but the term “cultural industries” only appears once in it. It identified the following as one of the short-/medium-term actions required: “That Member States remove customs duties and non-tariff barriers which affect the free movement of art, artists and their materials and equipment within the Region.”<sup>19</sup>

As a result of the lack of tangible action across the region, cultural or creative industry practitioners are largely cynical about government support of the sector. Nevertheless, most of the donor activity, if not all, has been focused on government agencies or intermediary organizations and not on the cultural practitioners or entertainers themselves. The most recent regional (CARICOM-wide) initiative regarding the creative sector, held in St. Lucia at the end of March 2011, involved almost all of the multilateral agencies — ITC, WIPO, WTO, UNCTAD, UNESCO, and ECLAC —

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<sup>18</sup> National Cultural Policy, p. 34. The policy was approved by the Jamaican Cabinet in December 2003.

<sup>19</sup> There have been some developments in relation to the CARICOM Regional Cultural Policy and the draft Regional Strategy, including the development of a draft Action Plan for the Cultural Industries in CARICOM. A number of difficulties have delayed the adoption of the draft such as: coordinating inputs of Member States, including the time taken to carry out in-country consultation on the drafts in all Member States; limited resources of Member States to participate in face to face meetings; and the need for consideration of the documents by other organs of the Community than the Council on Human and Social Development, which is overseeing the development of these document (e.g. the Council on Human and Social Development). The COHSOD endorsed in the 1<sup>st</sup> quarter 2012 several recommendations that would begin to address some of the major problems highlighted in this note such as: a harmonised regional exemptions regime to reduce import duties and charges on inputs (but this will require endorsement by trade officials), a harmonised incentive regime for the sector, legislation on cultural industry development, creation of a fund to support the sector, creation of national and regional registries of artists and cultural workers.

but it was mainly focused on documenting the creative industries and gathering statistics.<sup>20</sup> Policymakers and officials in the CARICOM region still seek the economic value of the cultural industries quantified before they feel comfortable taking any serious action to promote the sector. However due to the diverse and small-scale nature of most of the creative practitioners, this is a challenge to realize.

The Office for Trade Negotiations held major regional consultations with the creative industries<sup>21</sup> as a group and then with the audio-visual sector (2009), but the recommendations resulting from these consultations have not been adopted by any government. Nevertheless, the consultations informed the negotiating positions of the region, and, as a result, the CARIFORUM-EC Economic Partnership Agreement (EPA) has substantial provisions regarding culture and entertainment. However, the ability to take advantage of those provisions requires concerted and well-conceived public-private sector collaboration, which is not currently on the horizon. In the meantime, since the EPA was signed, the EC has completed a trade agreement with South Korea, which also has a protocol on Cultural Cooperation modeled on the template in the EPA.

Apart from the film sector in Barbados, Jamaica, and Trinidad, there are few incentives to develop the cultural and entertainment sectors. On the other hand, direct grants to cultural practitioners are very limited in the Caribbean.<sup>22</sup> Furthermore, the regulatory framework for cultural industries or the entertainment sector is under-developed in all of the CARICOM states. There is almost no regulation governing the music industry and no standards in any branch of the professional performing arts sector. The local film industry is not regulated but has grown over the past five years as cable television and the Internet have become more popular and accessible.

In order to stimulate further growth and development of cultural industries, it is important that incentives and support programs are predictable, transparent, and readily accessible to creative persons and firms in the region. They should be fairly simple in terms of implementation. It is also sensible to have similar programs at the CARICOM-wide level to foster regional collaboration by creative persons. This will allow cross-fertilization, increase the level of innovation, and lead to scale

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<sup>20</sup> Training Seminar entitled, "Assessing the Economic Contribution and Performance of Creative Industries to National Economies," March 29-30, 2011.

<sup>21</sup> A major cultural industries forum in 2004 and a second one in 2006 on "Promoting Creative Industries: A Trade and Investment Strategy for the Caribbean" were organized with the support of the EC's Proinvest Trinnex Project. They were used to develop a research agenda for the sector and then to consider the findings and recommendations of a major study. A follow-up project for the audio-visual sector was designed by the CRNM and funded by the EC's BizClim program. It reviewed the situation in the region and best practices for the development of the audio-visual sector in other countries. In 2010-2011, this was followed by an EC-funded TradeCom project to develop a model for a co-production treaty for the audio-visual sector in the Caribbean that was coordinated by the CARICOM Office of Trade Negotiations (OTN).

<sup>22</sup> In Trinidad and Tobago, there is some funding available from the Entertainment Company for artists and musicians to perform overseas. There is also a tax incentive for companies that purchase local works of art or support performing artists and for audio-visual productions that reflect local entertainment or local culture. But these seem to be hardly known, and little use is made of them.

economies. At the same time, it is important for governments to remove the real barriers or disincentives to investment and trade in cultural industries at all levels — corporate and personal. Furthermore, Trade, Culture Industry, and Finance ministries should collaborate in devising regimes to stimulate dynamism in the creative sectors so that more culture practitioners can become successful businesses.

Cultural support to creators is of course essential to sustain diversity and promote creativity throughout CARICOM. In fact, cultural diversity is an important backbone of an innovative and ultimately competitive society. On the other hand, the tendency of the creative sector to be linked to cultural rather than industrial policies has led to a situation where there are few innovation policies that cater to the business requirements of creative companies. In turn, this exclusion of the creative sector from traditional industrial support might have contributed to the fact that innovation policy throughout CARICOM is largely non-existent.

## **VI. Key Policy Challenges Facing the Entertainment Sector**

### **Tariffs and Taxes on Inputs to Cultural Industries**

The greatest disincentive to investment in the entertainment sector in CARICOM states is the imposition of high tariffs, taxes, and other duties and charges (ODCs) on almost all of the inputs to their cultural industries. Based most likely on antiquated thinking and the belief that cultural items should be considered luxury goods, some of these inputs attract the highest charges in the Common External Tariff (CET), particularly in the smaller OECS economies. Table 3 provides a brief snapshot of this problem, with a sampling of products that are considered inputs to creative activities and the total duties and other duties and charges levied on them.

**Table 3. Total Duties, Taxes, and ODCs Imposed on Selected Inputs to Cultural Industries in CARICOM States<sup>23</sup>**

Product Category (HS code)	CET %	Antigua %	Barbados %	Grenada %	Jamaica %	St Lucia %	T&T %
5907.00: Textile fabrics coated or covered; painted canvas used as theatrical scenery; studio back-cloths, etc.	-	30	21	35	18.8	55	20
8518.40: Audio frequency electric amplifiers	-	55	61	65	48.8	51.5	45
8525.80: TV cameras, digital cameras, and video camera recorders	20	45	36	35	38.8	61.5	35
9203.00: Keyboard pipe organs, harmoniums, etc.	10	35	26	40	18.8	26.5	25
9206.00: Percussion musical instruments	20	45	36	50	38.8	46.5	35
9603.30: Artists' brushes	20	45	76	50	38.8	41.5	35

*Source:* Author's calculations based on data collected from national customs departments in 2009.

Total charges on camera equipment into St. Lucia amount to 61.5 percent of the value of the equipment, the highest percentage, and the charges on this equipment in Trinidad and Tobago and Grenada amount to 35 percent, the lowest percentage. For example, if a film or video producer decides to buy a high-quality digital video camera, which costs about USD 100,000, he/she will have to pay USD 61,500 to the St. Lucian government, amounting to what are really punitive and perverse taxes. It is, therefore, not surprising that there are few high-quality cameras on the island.<sup>24</sup> While the common external tariff may be only 20 percent, the other taxes and charges make it prohibitively expensive to import much of the equipment needed for sophisticated activities such as music editing, video production, and editing or any kind of post-production functions. Even paint brushes attract charges of 76 percent in Barbados. The high charges levied at the border are clearly a disincentive to all investment. In some countries, there are informal provisions for the waiver or reduction of a duty,

<sup>23</sup> Note that the planned introduction of valued added tax (VAT) regimes in some CARICOM states may affect the overall level of taxation on various products by replacing the general consumption tax.

<sup>24</sup> People needing to make music videos, for instance, have to go abroad.

but they are often based on political or other connections, rather than a predictable and transparent regime. However, in Jamaica, under the incentive for the audio-visual sector, if a firm is recognized as a motion picture producer, it is granted a special exemption called the Motion Picture Recognition status. This allows the firm to be granted duty- and tax-free treatment for production equipment as well as machinery and materials for the building of studios or for use in motion picture production.<sup>25</sup>

The import charges associated with the inputs to almost all creative activities constitute a perverse policy measure given that CARICOM governments claim they want to promote and develop the creative industries. Furthermore, there are no producers of music or electronic equipment in CARICOM, so the protectionist or infant industry argument is unconvincing. It would appear that the high duties and taxes are revenue-seeking measures imposed by CARICOM governments. In order to stimulate the development of the creative sector, policymakers must seriously address this issue. The punitive charges are a major disincentive and act as a direct constraint on investment by the predominantly small firms and individuals in the creative sector. Though the issue was raised at a meeting of Trade ministers (COTED) in November 2011, a decision was made to hold more consultations with other government stakeholders and the industry at the national level.

### **The Lack of Financing for Investment in the Entertainment Sector**

There are numerous challenges that impact the creative sector in CARICOM states. Apart from the technological changes and policy gaps discussed above, the deficient level of investment in infrastructure and training urgently needs to be addressed. A major constraint is the lack of financing for creative projects. The banking system is averse to lending to the sector, partly because has difficulty assessing risk in these new types of businesses, and persistent conservative ideas of business activity are not responsive to new ideas. (This is largely a focus with bricks and mortar concepts of business, or physical plants, and there appears to be little interest in new business models in service activities that do not involve physical assets.) Furthermore, none of the lending institutions in CARICOM have begun to value intellectual property assets for collateral purposes. For instance, Eddy Grant, a major music icon and veteran entertainment industry businessman in the region, who has a first-class recording studio in Barbados, is unable to raise financing in any regional bank. However, his company, ICE Records, now has a catalogue of almost 10,000 song titles. In fact, entertainment loans in Jamaica still comprise only 0.2 percent of total loans despite the fact that the

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<sup>25</sup> Jamaica also has a facility for “tools of the trade” for artists, under which duties are waived or reimbursed, but there is a lack of clarity, transparency, or predictability in the regime.

core copyright industry contributes 1.7 percent of the GDP. The core and partial copyright industries collectively contribute 4.8 percent to the GDP.<sup>26</sup>

There are examples of financial institutions (such as the IFCIC<sup>27</sup> in France or the Audiovisual SGR<sup>28</sup> in Spain) and private banks (such as Ingenious<sup>29</sup> in the UK) that specialize in the creative sector. But such institutions are unlikely to develop in the tiny markets of CARICOM, and certainly not with the current attitudes toward the entertainment sector in financial institutions and little support by Caribbean governments to stimulate the sector. It may, therefore, be worthwhile to study the examples of these institutions in France, Spain, and the UK, mentioned above, to see how they operate and, in particular, how they value intellectual property assets and contracts held by creative persons for lending purposes. They are not in a position to provide technical assistance to the Caribbean, but it may be feasible to discuss with them the key elements of their operation with respect to their criteria for selecting projects for financing and advice that they provide to creative entrepreneurs.

### **Freer Movement of Artists but not of their Equipment**

One means of improving the quality of, and stimulating innovation in, cultural products and services from the region (in order to increase exports) is to facilitate and promote greater intra-CARICOM collaboration in cultural industries. However, in spite of the CARICOM Single Market, administrative challenges across the region result in most artists (especially music and performing artists) reporting that it is much easier to collaborate on joint creative projects with foreign artists rather than regional ones.

While the Single Market is legally in place, artists and musicians report that it is not easy to move from one Member State to another. Some have indicated that destination countries do not automatically accept documentation from their countries of origin. A further issue is the difficulties associated with customs procedures for allowing the entry of equipment that artists need to conduct their work. This applies whether the equipment involves paintings, electronic equipment, or props. Bond requirements can be prohibitive for small bands or groups. However, the customs procedure,

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<sup>26</sup> See: [www.jamaicaobserver.com/news/ent-loans-grow-14#ixzz1Mt1cK1lr](http://www.jamaicaobserver.com/news/ent-loans-grow-14#ixzz1Mt1cK1lr).

<sup>27</sup> Institut pour le Financement du Cinéma et des Industries Culturelles (IFCIC) is a financial institution with a mandate from the Ministry of Culture and the Ministry of the Economy and Finance to contribute to the development in France of cultural industries by facilitating these firms' access to bank financing. As a neutral and autonomous entity, IFCIC is 49 percent owned by the State, OSEO Group, and La Caisse des Dépôts, and the rest by a private shareholder committee, including almost all French banks ([www.ifcic.fr](http://www.ifcic.fr)).

<sup>28</sup> See: [www.audiovisualsgr.com](http://www.audiovisualsgr.com).

<sup>29</sup> See: [www.ingeniousmedia.co.uk](http://www.ingeniousmedia.co.uk).

itself, is far removed from trade facilitation. For instance, if a music band from Trinidad goes to perform in Jamaica, it will send a detailed list of its equipment to the Customs department in Jamaica in advance (usually through the promoter's customs broker). Then, on departing from Trinidad, the local customs authority will verify all of the equipment and serial numbers, etc., before stamping the official export/exit documents. However, when the equipment arrives in Jamaica, local customs authorities also check every piece of equipment again and reconcile serial numbers. National customs officials apparently do not accept documentation from the customs authority in the country of origin. When the equipment leaves Jamaica (for re-export to Trinidad), all serial numbers are reconciled once again and a customs official escorts the equipment throughout the process. When the same equipment returns to Trinidad, the same scrutiny is applied. The administrative cost of this process must certainly be high. The need to check and double-check and the refusal to accept the documentation from the customs authority on the sending end is a major hurdle and sometimes results in equipment not arriving on time.

Most artists and entertainers indicate that it is difficult to move around with their equipment. In the case of the visual arts, the situation is even more challenging. Since paintings and photographs are considered luxury items, onerous bond requirements are applied by customs authorities, and, as a result, very little movement of visual art now takes place intra-CARICOM. But this problem of customs difficulties applies to all areas of the cultural industries. In one instance, a non-commercial documentary video program on master tapes that was sent by a videographer from Trinidad to St. Lucia was charged duty on its return to Trinidad (the origin of the video). Furthermore, when musicians send their videos or CDs (standard promotional material) to TV and radio stations throughout the region, this material is subject to duties and charges that are sometimes prohibitive in almost all Member States. Artists contend that customs officials often arbitrarily determine the value of the material or use standardized charges and tariffs that are above the actual manufacturing cost or value of the material.

The anecdotal examples given above reflect real impediments to the seamless movement of creative persons in the CARICOM region and, hence, collaboration among them. This needs to be resolved to stimulate greater intra-CARICOM creative projects and events as a stepping stone to targeting and appealing to larger markets. It is hoped that the CSME process and the progress made regarding the movement of artists can be taken further to help cultural practitioners work seamlessly

at the pan-Caribbean level with all of their tools of the trade. After all, artists were included in the first category of persons that were granted free movement by CARICOM governments in the Single Market.

## **VII. Market Access for CARICOM Entertainers in Europe under the EPA**

The European Union is a vast and varied market for entertainment services of all kinds. The CARIFORUM countries took advantage of the EPA negotiations to formalize market access in the EU and to provide for increasing cultural cooperation between the two regions.

The cultural sector and entertainment services, in particular, are addressed through two instruments in the EPA. These instruments are:

- (i) Market access commitments by 26 European states for entertainment services from CARIFORUM states that are governed by the rules of the Services and Investment chapter and the general provisions of the EPA
- (ii) A special Protocol on Cultural Cooperation

### **Market Access Provisions**

In the case of the EPA's market access provisions, it is important to note that, in addition to allowing Caribbean firms to invest in entertainment activities in Europe<sup>30</sup> for the first time, the EC and its Member States granted legally binding and significant market access for the supply of entertainment services through the temporary entry of natural persons for up to six months. This is categorized as Contractual Service Suppliers (CSS) under the EPA for the following activities:

### **CPC 9619 Entertainment Services (other than audio-visual)**

- 96191 Theatrical producer, singer group, band and orchestra entertainment services
- 96192 Services provided by authors, composers, sculptors, entertainers, and other individual artists
- 96193 Ancillary theatrical services n.e.c.
- 96194 Circus, amusement park, and similar attraction services
- 96195 Ballroom, discotheque, and dance instructor services
- 96199 Other entertainment services n.e.c.

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<sup>30</sup> All of the EU, except nine of the new members mainly from Eastern Europe.

Under the EPA chapter on Services, Contractual Service Suppliers are defined as follows:  
Natural persons (individuals) of the EC Party or of the Signatory CARIFORUM States employed by a juridical person (company or firm) of that EC Party or Signatory CARIFORUM State which has no commercial presence in the territory of the other Party and which has concluded a bona fide contract to supply services with a final consumer in the latter Party requiring the presence on a temporary basis of its employees in that Party in order to fulfill the contract to provide services.

All EU Member States except Belgium undertook commitments in the entertainment sector for CSS. It is hoped that eventually Belgium will do so as well. The commitments of the EU-15 went into effect once the EPA was provisionally applied in 2008, but those of the newer states (EU-10)<sup>31</sup> went into effect at the end of 2011, and those of Bulgaria and Romania are scheduled to take effect in 2013.

Market access granted to Caribbean entertainers, artists, and other cultural practitioners may be subject to qualification requirements<sup>32</sup> and is subject to economic needs tests (ENTs). A full commitment to the opening of the market by the EU without quotas is conditioned on fulfillment of the ENTs. But the ENTs are not new; they have been in effect in several European countries for a long time, but the paperwork was handled by promoters on the European side, so Caribbean performers may not have been aware of the process.<sup>33</sup> The EPA grants legally binding access to practically all of the EU and to significant markets such as France where the culture-trade interface is a contentious and very sensitive issue. Furthermore, this level of market access in the entertainment sector provided by so many EU states has never been granted before to any other country or regional grouping.

This commitment offers those in the creative sector the same basis for entry into EU countries as Caribbean business professionals. Caribbean artists, musicians, and other cultural practitioners and their crews who are registered as businesses will also be able to send their members or employees to Europe, and they will benefit from the same conditions as traditional professionals do while supplying entertainment services under the category of CSS. Artists or members of bands who are

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<sup>31</sup> Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic, and Slovenia.

<sup>32</sup> Note that the entertainment sector covers even highly skilled categories that require many years of training such as classical concert musicians, composers, conductors, etc., so, in some instances, qualifications are important. However, in regular, popular, live entertainment activities, qualifications are not an issue.

<sup>33</sup> For instance, in the case of the United Kingdom, see *Work Permits Sports and Entertainment: Guidance for Employers*, 19 November 2007 – 30 March 2008. ([www.bia.homeoffice.gov.uk/workingintheuk/workpermits/workpermitarrangements/sportsandentertainments/](http://www.bia.homeoffice.gov.uk/workingintheuk/workpermits/workpermitarrangements/sportsandentertainments/))

self-employed, are the only employee of a company that they own or do not own, and receive a salary from the band, for example, are to be considered CSS and are therefore covered by EC commitments on Entertainment in the EPA. The commitments also cover other cultural practitioners such as visual artists, sculptors, dancers, and carnival presenters.

The potential for carnival band leaders in the Caribbean to do business in Europe is tremendous considering that 17 European countries have annual carnivals of some kind, albeit different from the Caribbean type. The skills in design, construction of costumes, and all other areas of pageantry that have been developed over the years in Trinidad and Tobago and, to a lesser extent in the rest of the region, are exportable and can be applied to new markets. In fact, there are annual street carnivals of some kind in 38 countries apart from Brazil and the Caribbean.

### **The Protocol on Cultural Cooperation**

The market access granted by the EU to Caribbean entertainers is complemented by a historic and innovative Protocol that provides for bilateral cooperation in a variety of cultural activities. While the market liberalization arrangements, detailed in the Services chapter of the EPA, provide access for cultural practitioners who want to sell their services in Europe, the Protocol on Cultural Cooperation facilitates those who wish to enter the EU for other cultural activities, including collaborating with creative persons in the cultural market. The Protocol provides a framework for the temporary movement and training of artists and other cultural practitioners in the performing and visual arts, and contains special provisions regarding the audio-visual sector.<sup>34</sup>

The principal objectives of the Protocol include:

- Helping to integrate the cultural dimension at all levels of development cooperation
- Promoting local and regional cultural content
- Facilitating exchanges of cultural activities, goods, and services
- Redressing the imbalances, which exist in trade and other exchanges between CARIFORUM states and the EU

The Protocol's starting point is the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which was adopted in Paris on October 20, 2005, and provides

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<sup>34</sup> Article 5 of Protocol III to the CARIFORUM-EC Economic Partnership Agreement.

for developed countries, such as those in the EU, to extend preferential treatment to developing countries.

The EPA's Protocol on Cultural Cooperation outlines a comprehensive framework for cooperation between cultural professionals from CARIFORUM and the EU. It also addresses mechanisms for various cultural exchanges with, and technical support to, CARIFORUM Member States. The principal issues covered in the Protocol include:

### ***Cultural Exchanges and Training***

The Protocol facilitates access to the EU by Caribbean artists and other cultural practitioners (who are not involved in commercial activities in the EU) in order that they might be able to collaborate on projects with European counterparts; receive training; learn new techniques; and engage in creative production, including joint audio-visual productions with EU partners. Caribbean cultural practitioners, seeking to benefit from this cooperation, will be allowed to remain in any EU country for up to 90 days in any 12-month period. Previous EU trade agreements have included very limited or no provisions for cooperation on cultural projects between Caribbean and EU cultural professionals.

The scope of cultural cooperation under the Protocol was deliberately structured to cover the broadest practical range of creative expression, including activities particularly relevant to the Caribbean, such as carnivals and mas costume design. The Protocol aims to facilitate training to improve the skills of regional artists and to increase contacts between these artists and other EU cultural professionals and practitioners such as:

- Theatrical producers, singing groups, and band and orchestra members
- Authors, poets, composers, sculptors, entertainers, and other individual artists
- Artists and other cultural professionals and practitioners participating in the direct supply of circus, amusement park, and similar services, as well as in festivals and carnivals
- Artists and other cultural professionals and practitioners participating in the direct supply of ballroom and discotheque services, and dance instructors
- Mas<sup>35</sup> performers and designers

This Protocol mechanism will be particularly useful for the less well-established artists, entertainers, and other cultural practitioners who are not operating commercially in the EU. They can now enter EU states under the cooperation provision for training, market exposure, and collaboration

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<sup>35</sup> Refers to Carnival.

with European colleagues. It is envisaged that, over time, the emerging cultural practitioners will develop useful market knowledge and valuable contacts in the EU that can eventually lead to commercial contracts.

### ***Cooperation in the Audio-Visual Sector***

While the historical tradition and EU-wide policies do not allow market access commitments in the audio-visual sector in any trade agreement, the EPA Protocol on Cultural Cooperation provides possibilities for collaboration with European producers in order to facilitate access into the EU for Caribbean audio-visual material through special mechanisms (see Articles 5 and 6 of the Protocol). In particular, co-produced audio-visual products and services involving European and Caribbean creative teams will qualify as domestic productions and meet the audio-visual content rules in all EU states and in the Caribbean.

In the audio-visual sector, the Protocol also seeks to stimulate the negotiation and implementation of co-production agreements between individual EU states and CARIFORUM states. These co-production agreements are necessary in order to make it easier for CARIFORUM audio-visual producers to access EC funding for creative projects. Caribbean and European governments have also agreed to allow temporary importation of equipment without duties for shooting films and television programs. However, since the EPA was signed, Caribbean governments have not negotiated co-production treaties with any EU state, and no regional initiative has been undertaken in this regard. There is an old co-production treaty between Jamaica and the United Kingdom that was never really implemented, but it only deals with films and is not directly relevant to multimedia or new media. In 2011, the CARICOM Office of Trade Negotiations released a commissioned study (Smith, 2011) and facilitated regional discussions on a model co-production treaty for the audio-visual sector. It is now time for either national governments or a regional entity in the Caribbean to approach EU states regarding the need for co-production treaties.

### ***Development Cooperation***

The Protocol also provides for technical assistance through different vehicles, *inter alia*, training, exchange of information, sharing of expertise and experiences, and advice on policies and legislation as well as on the usage and transfer of technologies. (Note that there is no specific financial allocation

to implement the Protocol.) This technical support is expected to include cooperation between private companies and between non-governmental organizations, as well as public-private partnerships.

Some of the areas identified for development assistance include:

- a) Training and facilitating professional exchanges between performing artists, including participation in auditions and cultural networks;
- b) Stimulating joint productions in the performing arts between producers from the Caribbean and those in the EU;
- c) Facilitating the development of international theatre technology standards;
- d) Granting preferential treatment to audio-visual producers, including through the facilitation of participation in festivals, seminars, and other similar initiatives;
- e) Facilitating the participation of CARIFORUM nationals in audio-visual co-productions, which can qualify for national treatment in the EU;
- f) Professional exchanges and training for librarians, writers, translators, and book publishers
- g) Facilitating co-publishing and translations;
- h) Facilitating exchanges of expertise and best practices regarding the protection of sites and historic monuments.

CARIFORUM artists or creative persons may also be able to benefit from EC funding to participate in some of the numerous cultural events and festivals that are held in the EU every year and cover all areas of creative expression. However there is a need for marketing campaigns in Europe to promote the Caribbean as a place for creative collaboration.

## **VIII. Proposals for Actions for the Entertainment Sector**

An effective technical assistance strategy or support program for the entertainment sector in CARICOM must be multi-pronged. It must address both systemic and structural needs and challenges facing the industry as well as marketing initiatives in the target markets in which CARICOM creators or entertainers want to sell their products and services. To be precise, related projects should cover the following areas:

- Infrastructure

- Investment
- Product Supply
- Domestic Market Development
- International Market Development
- Professional Development and Training
- Regulation and Policy
- New Technology and Multimedia

It is crucial for Caribbean governments to take a more active role in promoting the sector. Though much has been said with regard to the virtues of culture and cultural industries, more must be done to treat it as a viable economic sector. Many cultural industry professionals will argue that much of the success of the music industry in the CARICOM region has occurred despite the lack of government support. In fact, it is clear that it is Jamaican music that has given Jamaica global recognition and status, and not government support. The discussion above regarding the counter-productive policies regarding tariffs and taxes on inputs to the sector, which act as a major disincentive to investment in the sector, is a clear case in point.

While it is apparent that what international technical assistance can do for the entertainment sector in CARICOM is limited, this paper will present a program of activities to support the entertainment sector that may be undertaken by national Governments or by one or several development partners. The activities outlined below reflect what is needed to provide significant stimulus to the entertainment sector to help increase exports.

### **Actions that should be taken by Governments in CARICOM**

1. The import charges associated with the inputs to almost all creative activities stifle the industry. Furthermore, there are no producers of music or electronic equipment in CARICOM, so one cannot make a protectionist or infant industry argument. It would appear that the high duties and taxes are revenue-seeking measures imposed by CARICOM governments. Stimulating the development of the creative sector requires resolution of this issue. These charges are a major disincentive and act as a direct constraint on investment by the predominantly small firms and individuals in the creative sector. *CARICOM governments should unilaterally or collectively waive the tariffs and*

*other duties and charges on inputs to creative activities*. A proposal regarding this issue has been submitted by the Regional Cultural Task Force and its approval should be expedited.

2. The movement of artistic materials (equipment and final products) within CARICOM is a major challenge. *Governments should immediately address this problem either by joining the ATA Carnet system or developing a similar but simple regime in the context of the CARICOM Single Market*. The current administrative practices by customs agencies in the region make it practically impossible for visual artists to show their works in other CARICOM states and make it very difficult to move equipment that performing and visual artists need to do their work. It is also an affront to the concept of a single market and the fact that artists were in the first category of persons designated for free movement by CARICOM heads of government.
3. Governments in CARICOM should think strategically about the local initiatives to develop animation and support them in increasing animation's connections and commercial linkages with Canada, the UK, and other key markets. *National investment promotion agencies should target the animation sector in their outreach and try to attract investment in this area by international firms*. While animation is taught at the Edna Manley College in Jamaica and at UTT, this is inadequate in terms of training facilities for the development of an export-oriented animation industry. At the same time, there is a need to research the value chains in the global animation industry and promote linkages with them.
4. Financing of investment in creative projects is a major challenge in the Caribbean. In Europe, a number of financial institutions specialize in investments for the creative sector such as the IFCIC<sup>36</sup> in France, the Audiovisual SGR<sup>37</sup> in Spain and Ingenious<sup>38</sup> in the UK. However, the development of similar institutions in the CARICOM is unlikely under the current attitudes toward the entertainment sector in Caribbean financial institutions and little support by governments in the region to stimulate the sector. Further study on these financial institutions and their methods to value the entertainment sector for lending

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<sup>36</sup> Institut pour le Financement du Cinéma et des Industries Culturelles (IFCIC) is a financial institution with a mandate from the Ministry of Culture and the Ministry of the Economy and Finance to contribute to the development in France of cultural industries by facilitating these firms' access to bank financing. As a neutral and autonomous entity, IFCIC is 49 percent owned by the State, OSEO Group, and La Caisse des Dépôts, and the rest by a private shareholder committee, including almost all French banks ([www.ifcic.fr](http://www.ifcic.fr)).

<sup>37</sup> See: [www.audiovisualsgr.com](http://www.audiovisualsgr.com).

<sup>38</sup> See: [www.ingeniousmedia.co.uk](http://www.ingeniousmedia.co.uk).

purposes could prove useful. *While these European financial institutions may not be in a position to provide technical assistance to the Caribbean, Caribbean governments should discuss with them the key elements of their operation with respect to the criteria for selecting creative projects for financing and advice that they provide to creative entrepreneurs.*

5. *Establish National Endowment Funds for the Arts*, to which the public and private sectors can contribute money toward arts development. While governments in CARICOM are unlikely to have significant resources to capitalize such a fund, they should start with whatever amounts are feasible and provide very generous tax incentives to companies and private persons who contribute to a National Endowment Fund for the Arts. They can also appeal to their international partners and donor governments to contribute to the fund. It is important to assist artists in developing their craft and performances, thereby improving the sector in its broadest definition — including music, dance, drama, audio-visual productions (including multimedia), and visual arts. There may also be a need for a regional fund for CARICOM-wide collaborations and productions. In the case of the OECS sub-region, there should be one fund because individual markets are too small.
6. *Establish national databases of artists and cultural entrepreneurs in all CARICOM countries, which are updatable on a continuous basis.* This will serve to provide repositories of contacts for the different sub-sectors and will serve as a marketing tool for the industry as well as improve liaison between the private sector and government officials. The tremendous information gaps that exist in this area were revealed by the limited attempt in this study to compile a list of some of the major entertainment personnel and companies in a few CARICOM states simply for illustration. While most CARICOM governments say that they want to promote the cultural or creative industries, and some even have dedicated agencies that have “adopted” the sector, no country has a complete inventory of its professionals or companies in any of the various creative sub-sectors. Some agencies claim that they would like to develop such an inventory, but they have resource constraints.<sup>39</sup> The closest that any country comes to having an example of an inventory is the Film Company of Trinidad and Tobago, which has an impressive

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<sup>39</sup> In Trinidad and Tobago, the Ministry of the Arts and Multiculturalism is currently developing a National Registry of Artists and Cultural Workers, and the Entertainment Company (TTent) is developing a national database of artists and cultural entrepreneurs.

*2009 Production Directory* consisting of 335 pages. It lists companies and professionals in all areas of activity ranging from production and post-production to lighting, graphic artists, and makeup. Many of these companies provide a wide range of services relating to the film/video sector.

7. ***Build new facilities and infrastructure for artistic performances and practice.*** To date, only Trinidad and Tobago has a major specialized facility for the performing arts in its capital city. However, even there, local facilities do not exist in the rest of the country for regular practice and rehearsals to develop talent and skills for any of the performing arts. In the OECS, there are no public facilities that are up to professional standards. More community-based investment would be in cultural centers with high-quality facilities for the performing arts, which also allow for practice and training activities rather than just special events.
8. ***Convert the irregular Caribbean Festival of Arts (CARIFESTA) into a full-fledged professional Entertainment Trade Show in the Caribbean*** and attract a world-class gathering to exhibit and promote Caribbean artists of various genres. This will require tremendous regional cooperation and hitherto unheard-of cooperation between officials and creative industry professionals in CARICOM, perhaps through export promotion agencies rather than Ministries of Culture or Trade. However, it will provide a much-needed forum for showcasing Caribbean talent to the key players from Europe, North America, and Asia that purchase, promote, and distribute cultural products and services. The success of Caribbean Fashion Week is a useful indication, but a dedicated regional entertainment event should cover various activities — music, dance, film/video, and fashion — and be focused on marketing what the Caribbean has to offer to specific entities in global markets. An entertainment event such as this will have greater impact for creative professionals in the region since very few are able to attend Marché International du Disque et de l’Edition Musicale (MIDEM), WORld Music EXpo (WOMEX), and other such international events.
9. ***Collect market information and market opportunities for entertainers and other Caribbean artists in the European Union, North America, Japan, and China on a regular basis***; mount trade missions, exhibitions, and related promotional events; and advertise in the markets being targeted. The current mandate and activities of Caribbean

diplomatic missions in overseas regions seems to exclude economic intelligence gathering. This is unfortunate since all consular offices and diplomatic missions have a more diverse reach and purpose. Caribbean representations abroad should promote the cultural strengths of their societies in a more strategic manner and seek opportunities for their artists and entertainers. The connection between promoting these strengths and their tourism objectives are obvious.

## **Recommended Technical Assistance/Aid for Trade Initiatives**

- 1. *Establish and implement a concerted marketing program for the entertainment sector targeted at specific EU countries.*** This should include trade missions, trade fairs, and other promotional events (television advertisements and Internet ads) in the EU, as well as lobbying for participation of new Caribbean artists in the numerous musical and performing arts festivals across Europe. At the moment, only well-known Caribbean artists are invited to the festivals in different EU countries.<sup>40</sup> The main initial thrust of the marketing program should be music, carnivals, and the performing arts. In addition, the associations of Caribbean professionals in the music, dance, and audio-visual sectors should be linked electronically directly<sup>41</sup> to the European Festivals Association<sup>41</sup> and to national festivals in Europe in order to target specific genres in countries of interest. The promotion and marketing can be conducted by national export promotion agencies such as JAMPRO and/or Coalitions of Service Industries (Barbados, St. Lucia, and Trinidad and Tobago).

While a number of established artists have access to marketing services, many others do not have the resources to promote themselves and gather information on their target markets, even in the European Union where the EPA has formally granted significant new market access for Caribbean entertainers. Sector-wide promotional efforts could be launched to stimulate demand abroad for artists from CARICOM countries by developing contacts with overseas promoters. The promoting agencies could then act as points of referral for specific artists, thus providing an industry-wide benefit. Similarly, research into potential markets for artists should be carried out, and the information,

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<sup>40</sup> Note that there are more than 20 music festivals in Belgium each year in which artists from developing countries participate.

<sup>41</sup> See: [www.efa-aeef.eu/en/festivals/](http://www.efa-aeef.eu/en/festivals/)

including details of suitable live events, should be made available to artists or creative professionals in CARICOM. This strategy should be rapidly developed for the wider European Union markets, in particular the lesser known Eastern European countries that are newer EU Members (EU-10). They might represent a totally untapped market for Caribbean entertainers.

In addition, for younger artists and other creative persons, CARICOM states should seek to establish sources of funding for artist exchanges with European countries to take advantage of the provisions of the EPA Protocol on Cultural cooperation. Such activities will lead to richer artistic collaboration and co-productions of all kinds and will enhance appreciation for Caribbean cultural expression and outputs. Also, artist exchanges and artists-in-residence programs will quickly give creative persons in the Caribbean region a much better appreciation of the entertainment market in the EU and provide contacts that will eventually lead to commercial contracts for lesser-known artists.

2. ***Establish a Caribbean Entertainment Investment Fund (USD 10-15 million)***, from which the private sector in CARICOM can access financing for commercially viable projects. This initiative could also include public-private partnerships to build facilities and infrastructure for the creative sector. Given the tremendous difficulties that all entertainment companies and individual artists have accessing financing for activities in the cultural sector, establishment of such a fund is critical to fostering investment. The fund should be provided through a commercial banking or investment institution at concessional or subsidized rates of interest. It should be intended to promote the development of the sector and accommodate joint ventures across CARICOM states and between foreign and Caribbean companies. An example of this type of fund is the USD 200 million Nigerian Creative and Entertainment Industry Stimulation loan scheme established by the Nigerian Government in 2007.<sup>42</sup> Funding interventions under the scheme cover all segments of the entertainment industry and span all stages of a production process in the various creative sectors discussed in this paper — music, dance, drama, film/audio-visual, the visual arts.

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<sup>42</sup> See: [www.neximbank.com.ng/news\\_one.php?article=21](http://www.neximbank.com.ng/news_one.php?article=21).

3. ***National and/or regional entities need to help creative firms develop new short- and medium-term strategies for creation, distribution, and exploitation of creative works.***

Due to the small size of most CARICOM companies and a certain lack of business strategy skills, the overseas markets remain a distant dream for these companies in many sub-sectors of the creative industries. However, digital technology and increasing international integration or globalization provide creative entrepreneurs with new market opportunities. Where appropriate, innovation support services should help CARICOM creative companies to access foreign markets and reach out to a larger potential customer base. Creative people need to work with ICT specialists. Both need to be informed by consumer demand, and both need to be able to grasp and implement business models that commoditize the creative results of their synergies and collaboration.

Furthermore, most creative firms are undergoing a period of significant change globally brought on by the effects of digital technology. The “digital shift” creates many uncertainties but, at the same time, presents many opportunities. All CARICOM states need to help creative companies benefit from this transformation. Creative firms also need help to better understand and shape online consumption. While, internationally, a few digital media sub-sectors of the creative sector (e.g., social media producers) are already mastering the challenge of attracting vast numbers of users to their services, traditional content creators would benefit from implementing more advanced digital media strategies. For example, the question of how to best exploit media rights on digital distribution networks is a long-term challenge for many small and medium-sized content creators in CARICOM (and all over the world). Foresight and strategic partnerships are needed to help these creators benefit to the greatest extent from digital technology in the future.

4. ***Provide training for financial institutions in the Caribbean on how to value intellectual assets (particularly copyright in music) and on risk assessment for investment projects in the entertainment sector.*** This is a critical need in the CARICOM region since its banks have no experience in lending to creative sector companies or individuals mainly because they lack knowledge on the entertainment industry’s operations. There are some

well-known methodologies for valuing intellectual assets such as patents or copyright i.e. income approach, discounted cash flow, venture capital method, relief from royalty, and the real options method. These methodologies should be explored in the Caribbean contexts to determine which are appropriate for the local circumstances and which can be used by financial institutions in the region to provide financing for investors in the creative sector, particularly in the music and audio-visual areas. This is an initiative in which the Caribbean Development Bank might have some interest as well as the large commercial banks.

5. ***Establish training institutions for the entertainment/arts sector, in particular, music and the performing arts in countries in which they do not currently exist, and strengthen existing training institutes.*** In the case of the OECS, since the countries may be too small for national training facilities to be economically feasible, a sub-regional facility or training scholarships should be provided for creative persons to study in CARICOM states or abroad. At the same time, the industry associations in the different creative genres in CARICOM states should seek to upgrade the standards in their industry to remain or become more competitive.
6. ***Establish creative business incubators*** (i.e., low-cost shared facilities for creative businesses, which are linked to arts schools or university arts departments and advised by seasoned local and foreign industry professionals) that offer opportunities for students to take their first steps in business in a supportive environment. The incubators should be funded by the public sector or donors, but with collaboration with private-sector interests. This process can be linked to the establishment of creative clusters composed of research centers and arts schools. Indeed, the collaboration among artists, designers, and technologists opens new ways to create innovative products and services and fosters innovative solutions at the interface of creativity and technology in a wide range of areas.
7. ***Set up a regional initiative to promote the use of design and/or art in business*** to develop competitive edges, for example through “artists-in-residence” projects in which companies invite artists to spend some time among their employees in order to encourage

mutual exchange and dialogue. Such projects enable both sides — employees and artists — to discover different ways of thinking and producing. They also make employees think about their views on the company and their working environment. The artists-in-residence projects will facilitate greater intra-CARICOM collaboration on creative projects and cross-fertilization of creative ideas, and will enhance the creative output of individual countries and the region as a whole.

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## **Annex I**

### **Roadmap for a Trade Promotion and Marketing Program in Selected European States**

Given the small size of CARICOM, the development of markets outside the Caribbean is essential to the economic success and growth of the Caribbean entertainment industry. The Economic Partnership Agreement (EPA) signed between the CARIFORUM countries and the European Union in October 2008 provides significant opportunities for the countries' market access in the European entertainment sector and for cooperation on cultural activities in a range of artistic genres. It is, therefore, recommended that a technical assistance program target the EU entertainment market and help Caribbean entertainers and other artists take advantage of the opportunities in the different European countries. This will require collaboration between public- and private-sector entities at the national and regional levels.

A program of donor support should consider the following activities:

**1. European Entertainment Market Intelligence Reports**

Provide resources for the commissioning and preparation of specialized entertainment market reports on: (a) the specific requirements of, and other details on, the annual national festivals that feature world music (which include Caribbean musical genres) in selected EU Member States; and (b) the specifics of the regular commercial market (size, demographics, consumption patterns, etc.) for live and downloadable Caribbean music in Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. These market reports should explain the regulatory procedures for getting contracts and work permits, and for mandatory payments such as withholding taxes. They should also explain how economic needs tests operate in practice in each jurisdiction. This exercise should result in clear, simple, and easy-to-follow brochures for entertainers from CARICOM on the opportunities and regulatory requirements in each EU country for Caribbean entertainment services, particularly live music. Relevant agencies in CARICOM for this activity: Ministries of Trade in collaboration with entertainment industry associations (Budget: EUR 400,000).

## 2. Online Music Platforms

Provide technical assistance and support to music and entertainment industry associations in Barbados, Jamaica, the OECS, and Trinidad and Tobago to help establish relevant commercial e-commerce platforms for the sale/distribution of music online by independent artists<sup>43</sup>. This will require that artists/musicians be informed about contracts in the online medium and collaborate with their relevant copyright organizations to provide for electronic distribution of their music or performances. Technical infrastructure will have to be installed to establish an e-commerce facility for commercial music downloads in regional and/or national copyright/collection agencies. Relevant agencies in CARICOM for this activity are: Caribbean Copyright Link; Eastern Caribbean Copyright Organization; Caribbean Music Managers Forum; Barbados Association of Music Entrepreneurs, COSCAP; Belizean Society of Composers Authors Publishers (BSCAP); Jamaica – Reggae Industry Association, Federation of Musicians, and Association of Composers, Authors, and Publishers; Trinidad and Tobago – COTT, Recording Industry Association, and Trinbago Unified Calypsonians Organisation. The project can be executed by COTT on behalf of the other organizations (Budget: EUR 300,000).

## 3. Trade Missions to Select EU Member States

Provide technical assistance and support for conducting creative industry trade missions to the newer EU Member States (Bulgaria, Czech Republic, Estonia, Latvia, Malta, Poland, Romania, Slovenia, and Slovakia) to develop contacts in the entertainment sector and culture ministries and promote the services of the Caribbean region's entertainers, animators, filmmakers, and fashion designers, and to promote the Caribbean as a tourism destination. Relevant agencies in CARICOM for this activity: Ministries of Trade in collaboration with entertainment industry associations and tourism departments (Budget: EUR 700,000).

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<sup>43</sup> Independent artists are those that are not contracted to international music labels or companies that have their own distribution networks and channels.

4. **Mechanisms to Utilize the EPA Protocol on Cultural Cooperation**

EU Member States have indicated that the Cultural Protocol in the EPA is demand-driven. It is, therefore, critical for CARICOM countries to articulate their interest in specific areas of cultural activities. It is recommended that technical and financial support be provided at the national level to prepare proposals for requests to specific EU states for cultural cooperation activities under the EPA Protocol. These proposals should include all of the performing arts and visual arts, and provide for artists in residence, artist exchanges (in Europe and in the Caribbean), training workshops, and other related activities. Relevant agencies in CARICOM for this activity: national ministries responsible for Culture and for Trade (Budget: EUR 400,000).

5. **Negotiation of Audio-Visual Co-Production Treaties**

Provide technical assistance and support to initiate bilateral discussions with the United Kingdom, Germany, France, Belgium, the Netherlands, Ireland, and Spain and negotiate co-production treaties for the audio-visual sector to provide opportunities for Caribbean creative persons to collaborate with European counterparts on joint projects. In the case of the UK, the current co-production treaty with Jamaica will need to be updated/revised and extended to the rest of CARICOM. A starting point for this activity is the report prepared in 2011 for the CARICOM Office of Trade Negotiations on a Model Co-Production Treaty for CARIFORUM (Smith, 2011). Under the EPA Protocol on Cultural Cooperation, co-production treaties are necessary to have co-produced audio-visual works treated as European and Caribbean works, respectively, and to qualify for funding under European audio-visual programs. Activities envisaged are visits to European capitals to discuss audio-visual co-production issues and recruitment of technical expertise to assist in negotiating co-production treaties with European counterparts. Relevant agencies in CARICOM for this activity: National Film Boards and audio-visual and film associations in collaboration with national Trade ministries (Budget: EUR 200,000).

## Annex II

### **Entities with which International Donors Can Discuss Entertainment Projects in CARICOM States**

As is the case in most developing countries, except perhaps to some extent Brazil, CARICOM governments, Culture ministries are often weak. As a result, these ministries seriously lack the resources (human and material) to assist the creative sectors. Furthermore, in spite of what various Caribbean governments say about the importance of cultural industries, Culture ministries have yet to conceptualize their role as promoting the creative sector as an economic sector. They are still focused on old models of culture as mainly a means of promoting national identity. Their budgets and work programs are all generally limited to specific events on the annual calendar. In Culture ministries, where cultural policies are developed, there is little strategic thinking and there are no plans for economic development of the creative or cultural industries as an export sector.<sup>44</sup>

This poses a bit of a problem with respect to liaison between donors and national governments in terms of locating a project focused on the entertainment sector. In the case of Jamaica, the relevant agency would clearly be Trade and Invest Jamaica (JAMPRO) since it has a specific focus on the creative industries. The Jamaican Ministry of Youth, Sports, and Culture seems to be under-resourced and perhaps more focused on sports at the moment, notwithstanding the fact that the current minister has roots in the creative sector.

In terms of Trinidad and Tobago, depending on the nature of the initiative, the contact could be the Ministry of Trade and Industry (under which TTent and TTFC fall) or the two agencies themselves since they are capable of signing international agreements. An alternative, and perhaps more relevant, entity is the Trinidad and Tobago Coalition of Services Industries (TTCSI), which interfaces with and acts on behalf of several sectors. The TTCSI can more rapidly execute a project than the Ministry can, and it is already seeking mechanisms to help its members take advantage of opportunities in the entertainment sector in Europe. One interesting

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<sup>44</sup> It is instructive that both the Entertainment Company (TTent) and the Film Company (TTFC) were created by the Ministry of Trade and Industry in Trinidad and Tobago. Another agency in this country is responsible for Carnival: the National Carnival Commission.

initiative is a plan by the National Carnival Development Foundation (NCDF) to conduct a trade mission of carnival bandleaders to five EU states in 2012.

In Barbados, perhaps the National Cultural Foundation may be one option since the Culture Ministry seems unable to do much directly with the cultural practitioners due to its official procedures and policy changes from government to government. The same applies to the Ministry of Foreign Affairs and Foreign Trade. If the focus of the project is the private sector, then the Barbados Coalition of Service Industries (BCSI) may be the best option in this regard. It has been very active in seeking new markets for its members and conducting trade missions and other business-to-business activities. There are also some key national creative industry associations in its membership. The BCSI has also articulated its interest in some specific creative industry projects.

In the OECS states, since industry associations are weak or non-existent, the source of any aid for trade initiatives for the entertainment sector would most likely have to be the Ministries of Culture or Trade or Planning. In the case of St. Lucia, the appropriate entity would be the Cultural Development Foundation, and, in Grenada, it would be the Grenada Cultural Foundation.

An indicative list of artists and companies in CARICOM's creative sector as well as a list of relevant contact points/agencies at the national level in the Caribbean through which technical assistance or capacity building programs may be obtained by contacting the author.