

**CULTURAL INDUSTRIES IN LATIN AMERICA
AND THE CARIBBEAN:
CHALLENGES AND OPPORTUNITIES**

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The Institutional Capacity and Finance Department (ICF) of the Inter-American Development Bank (IDB) developed this study on cultural industries in LAC. The study was conducted under the supervision of Francesco Lanzafame, Housing & Urban Development specialist, by Alessandra Quartesan, Urban Development and Cultural Heritage consultant, and Monica Romis, Urban and Local Economic Development consultant. The research team interacted with relevant IDB staff and other international and regional experts in the sector.

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ACRONYMS AND ABBREVIATIONS

CAB	Convenio Andres Bello
CARICOM	Caribbean Community and Common Market
CCL	Caribbean Copyright Link
CERLALC	Regional Center for the Promotion of Book in Latin America and the Caribbean - Centro Regional para el Fomento del Libro en América latina y el Caribe
CMD	Metropolitan Design Center – Centro Metropolitano di Diseno (Argentina)
DANE	National Statistical Office - Departamento Administrativo Nacional de Estadística (Colombia)
DR-CAFTA	Dominican Republic–Central America Free Trade Agreement
EU	European Union
FAIGA	Argentine Federation of Graphic Industry - Federación Argentina de la Industria Grafica y Afines (Argentina)
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade and Services
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
INCAA	National Institute of Cinema and Audiovisual Arts - Instituto Nacional de Cine y Artes Audiovisuales (Argentina)
INDEC	National Institute of Statistics and Census – Instituto Nacional de Estadística y Censo (Argentina)
IFPI	International Federation of Phonographic Industries
ISBN	International Standard Book Numbers
LAC	Latin America and the Caribbean
MERCOSUR	Southern Common Market - Mercado Común del Sur
MSMEs	Micro, Small, and Medium Enterprises
NAFTA	North American Free Trade Agreement
PICE	Economic Cooperation and Integration Program
SMEs	Small and Medium Enterprises
TRIMS	Agreement on Trade-Related Investment Measures
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	World Tourism Organization
US	United States of America
VAT	Value Added Tax
WTO	World Trade Organization

INTRODUCTION

Over the past decade, the new creative-cultural industries have increasingly become one of the main sources of greater production and employment in many countries. Although the growth of cultural industries has been mostly limited to the world's richest countries, a number of low- and middle-income countries have come to recognize that they too can participate in the cultural economy. In this regard, Latin American and Caribbean (LAC) countries have begun to identify new opportunities and are actively seeking sustainable solutions to maintain these industries as an integral part of cultural and economic life. This development has been brought about by growing concern on the part of LAC countries that their cultural industries will be marginalized by globalization. In this regard, while some countries have developed mechanisms to protect these industries, others have not been as proactive, and consequently, their cultural industries are declining.¹ Given the various levels of development of cultural industries in LAC and the widespread recognition that these industries are important (even if not explicitly categorized as cultural industries), there is a need to understand the main challenges and opportunities that these industries currently face in the region.

The objective of this paper is to assess the strengths and weaknesses of cultural industries in LAC and offer lessons learned through this analysis to policymakers and donors. This study demonstrates the value

and the potential for cultural industries in the LAC economy and also identifies the need for a comprehensive approach, structured policies, and targeted interventions aimed at improving the conditions and prospects of these industries. To date, the approach of countries and donors (such as the IDB) to cultural industries has been uncoordinated and, in some countries, insufficient. In the specific case of the IDB, while these sectors individually are often included in projects, they are not specified as cultural industries in the Bank's portfolio.² Consequently,

² These projects, however, have mostly targeted the service sub-sectors and have not directly addressed the manufacturing sub-sectors of cultural industries. In urban and regional development projects, cultural industries are present through the rehabilitation of museums, theaters, and libraries or through interventions in support of cultural enterprises. In Quito, Ecuador for instance, the Bank implemented a project for the rehabilitation of the historic city center. This project not only focused on the rehabilitation of existing museums and libraries (such as the restoration of an historic building for the establishment of the new "Museo de la Ciudad" and the restoration of the "Teatro Sucre"), but it also developed a strategy to ensure the social sustainability of the project by establishing: i) mechanisms of participation for residents and users of the area, ii) a program to support traditional economic activities in the area (mostly SMEs related to crafts), and iii) a plan to support tourism through the improvement of security, environment, and services. All these actions were related to sectors within cultural industries. This approach also applies to projects in cities such as Buenos Aires-Argentina, Cartagena-Colombia, Cuzco-Peru, and Salvador de Bahia-Brazil, which have a cultural-traditional patrimony linked to cultural industries. In the case of tourism, given the increasing importance that this sector represents in the IDB strategy, the volume of projects approved by the Bank up to 2005 was roughly

¹ In recent years, the production and distribution of cultural industry products, which represent a traditional and important expression of the culture and creativity of the region, are increasingly being more controlled or produced abroad by foreign industries, resulting in a loss of economic benefits and identity.

donors have yet to develop a comprehensive strategy to support these industries.

Along with the growing recognition that cultural industries are significant in economic terms, is a conviction that these industries are also essential to maintaining the cultural identity of LAC countries. In this context and in response to the challenges posed by globalization, countries have stepped up their requests to donors for assistance in projects related to the sector. Therefore and with a view to meeting this need, the international financial and development institutions have now an important opportunity to leverage their considerable experience and capabilities to support new initiatives in this field.

This paper includes this introduction, which concludes with a note on the methodology used in the study, and three main sections. Part I addresses the main features applicable to all types of cultural industries, including the definition, economic impact, role as a driving force in local development, role in cultural identity formation and maintenance. Part II provides an in-depth assessment of the range of sectors included in LAC cultural industries through an analysis of their structure, main stakeholders, policies, and strengths and weaknesses. Finally, Part III highlights the challenges and opportunities for these industries in LAC. In addition, the paper is supplemented by two annexes. Annex I includes a table listing the main institutions in LAC related to cultural industries, and Annex II lists IDB projects that include activities associated to these industries, carried out between 1997-2007.

US\$1.639 million (Altes, 2006). In social programs, music, dance, artistic activities, crafts, and sports are “tools” to promote education and reduce crime risk. These examples include projects in Venezuela aimed at supporting the Action Social Center of Music and projects with indigenous populations (Cuna) in Panama.

Methodology

The key research questions that provided the motivation for the study were:

- 1) Is it possible to develop local sustainable cultural industries in LAC?
- 2) Can cultural industries play a dual role of economic driver of growth and of cultural patterns?
- 3) Can public policies promote development in the sector?
- 4) What are the successful (and less successful) practices in the sector?
- 5) Is performance in the sector linked to private-public and/or international partnerships?

To answer these questions, the study was carried out in two principal phases—regional analysis and country case studies.

Phase One - Regional Analysis

The first phase of the study was a documentary investigation that gathered data broadly to compensate for the lack of systematized information on cultural industries in LAC. This phase of the study involved researching the economic, cultural, and institutional aspects, at the regional and country levels, of the following sectors: editorial, audiovisual, phonographic, visual and performing arts, multimedia, cultural tourism, and sports.

Economic – This component of the research sought to: i) study the economic impact of cultural industries in LAC countries; ii) gather available sectoral level data; iii) study private sector investment at both the country and regional levels; iv) examine the relationship between the production of cultural products and the locality in order to assess the role of the local culture, tradition, and resources in the production of cultural goods; v) analyze the flows of exports and imports of cultural products in the region and between LAC and other countries in order to evaluate the impact of international trade on cultural industries; and vi) identify opportunities and market niches that LAC

countries could potentially occupy within the sector.

Cultural – This research analyzed: i) the cultural identity and cultural heritage values related to cultural industries; ii) the various systems employed to produce cultural products; iii) the structure of the sector at the country and regional levels; iv) the policies, strategies, and structural similarities in the markets and among target audiences in terms of language and cultural closeness; and v) the forms of organization of cultural industries.

Institutional – The research conducted on institutional aspects compared national approaches to the sector in LAC. Specifically, the analysis focused on the: i) agencies or entities in charge of policy-making for the sector at the country level; ii) regulation of the sector (including international regulations); iii) government contributions to the sector through programs, grants, or loans; and iv) credit and business support services for existing and emerging firms and artists.

Phase Two – Country Case Studies

With the aim of developing a rich and contextually specific perspective within the vast populations and large domestic markets

of LAC countries, two case studies were conducted maximizing the variation in national capacities, structures, and policies. Based on the data gathered during the first phase of research, two countries—the Dominican Republic and Argentina—were selected as case studies. The cases were chosen taking into account differences in the various sectors of cultural industries as well as the possibility of making comparisons of the countries' individual sectors. Finally, the analysis of these two countries was particularly useful because they are representative of the region in terms of geographic position, size, and market characteristics.

To assess the cultural industries in the Dominican Republic and Argentina, two field missions were carried out, during which time data was collected through in-depth interviews, observations, and documentation. To understand the situation in the capitals of the two countries where cultural industries are naturally concentrated, most of the interviews took place in Santo Domingo and Buenos Aires. However, in order to take into account the experience of cultural industries at the national level, interviews were also carried out in some provinces.

PART I. CULTURAL INDUSTRIES AND DEVELOPMENT

I. What Are Cultural Industries?

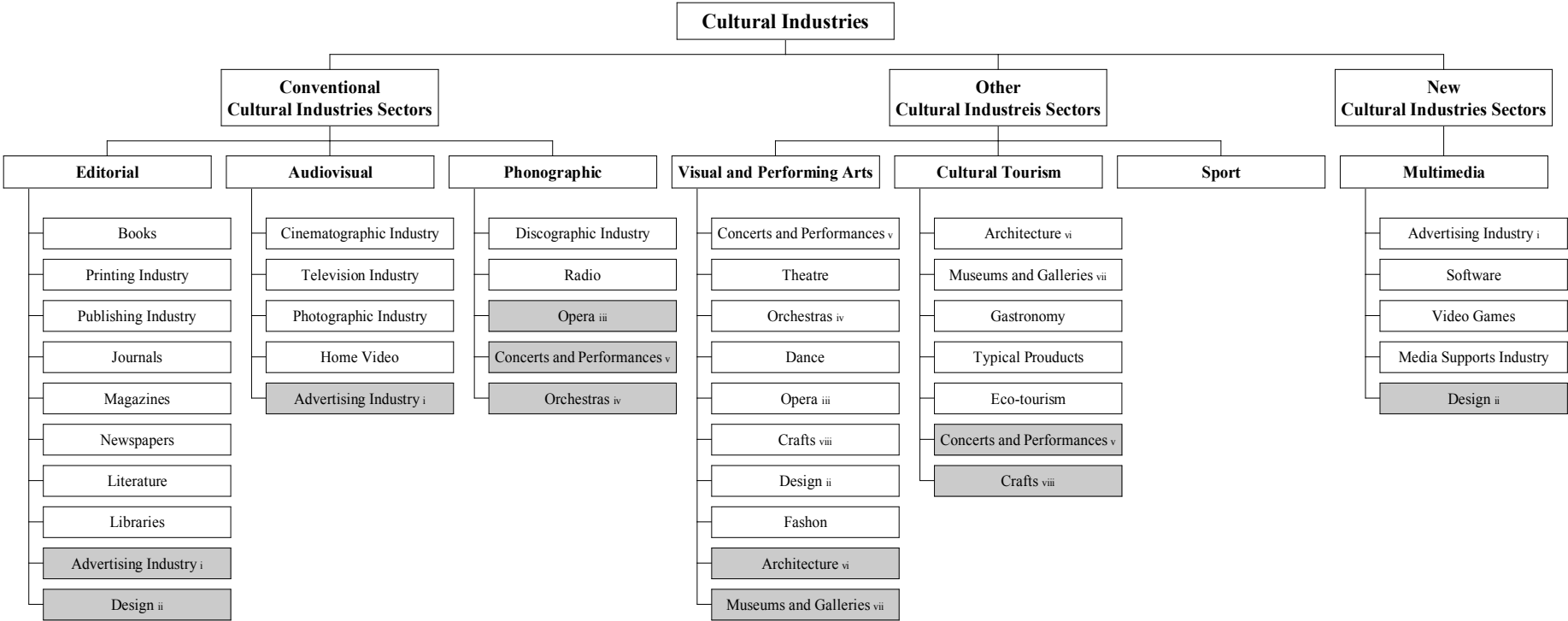
The term cultural industries in this study refers to those sectors that are directly concerned with the creation, production, and distribution of goods and services that are cultural in nature and that are usually protected by the copyright. Cultural goods and services are those whose primary economic value is derived from their cultural value (O'Connor, 1999), and have the potential for wealth and job creation through the generation and exploitation of intellectual property. This definition draws on those of both UNESCO and GATT, which define cultural industries mainly as goods and services protected by copyrights. The sectors generally included by UNESCO include “printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions as well as crafts and design” (UNESCO, 2006). However, this study highlights the limitations of these definitions, and a more comprehensive framework was developed, taking into account the complexity of the context and the multitude of stakeholders involved in LAC.

Based on the definition used in this study, cultural industries can therefore be identified

as a set of sectors that offer “1) service outputs in the fields of entertainment, education and information (e.g., motion pictures, recorded music, print media, or museums) and 2) manufactured products through which consumers construct distinctive forms of individuality, self-affirmation, and social display (e.g., fashion clothing or jewelry)” (Scott, 2004, p. 462). While this definition is similar to that of UNESCO, it actually encompasses more sectors. Moreover, following O'Connor (1999), the study focuses on individuals working in cultural industries with cultural occupations (for example, architects, librarians, authors, journalists, graphic designers, actors, etc.) and without cultural occupations (for example, in the editorial sector, employees in the printing industry).

Figure 1 illustrates the sectors and sub-sectors that are included in the definition of cultural industries used in this study. While some sub-sectors are fully contained in one sector, others are spread across multiple sectors. In the figure, sub-sectors appear in white when they are listed with their principal sector and in grey under the other related sectors.

Figure 1. Structure of Cultural Industries



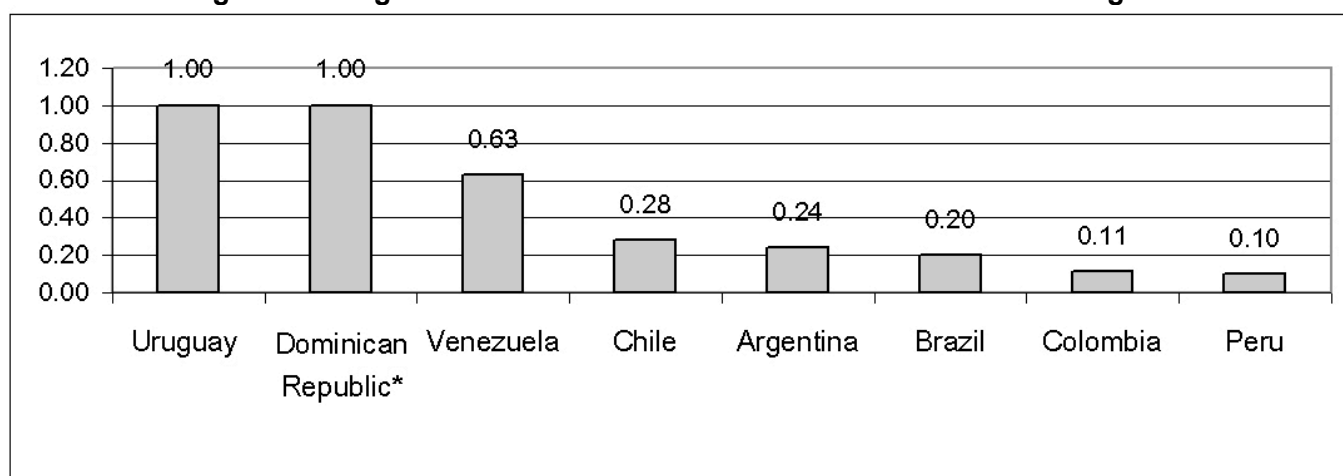
- ⁱ The advertising industry belongs primarily to the multimedia sector, and secondarily to the editorial and the audiovisual sectors.
- ⁱⁱ Design belongs primarily to the visual and performing arts sector, and secondarily to the editorial and the multimedia sectors.
- ⁱⁱⁱ Opera belongs primarily to the visual and performing arts sector, and secondarily to the phonographic sector.
- ^{iv} Orchestras belong primarily to the visual and performing arts sector, and secondarily to the phonographic sector.
- ^v Concerts and performances belong primarily to the visual and performing arts sector, and secondarily to the phonographic and the cultural tourism sectors.
- ^{vi} Architecture belongs primarily to the cultural tourism sector, and secondarily to the visual and performing arts sector.
- ^{vii} Museums and galleries belong primarily to the cultural tourism sector, and secondarily to the visual and performing arts sector.
- ^{viii} Crafts belongs primarily to the visual and performing arts sector, and secondarily to the cultural tourism sector.

II. Economic Contribution of Cultural Industries

While efforts have been made to assess the quantitative importance of cultural industries as a whole in different countries, there have been difficulties in measurement. Given the multi-sectoral nature of cultural industries, data (e.g., in terms of jobs and contribution to GDP) are found across the entire economy, dispersed over a number of sectors. Further frustrating quantitative

data impedes efforts to obtain a global overview of the economic dynamics of cultural industries, to make comparisons among the various sub-sectors of cultural industries, and also to compare cultural industries with other economic sectors. Moreover, each country has a different definition of cultural industries, including or excluding specific sectors or sub-sectors, which makes comparisons across countries difficult. Finally, even when there is agreement on the definition of cultural

Figure 2. Budget for Cultural Activities in 2005 - % of National Budget



Source: Authors' elaboration on Banco Central in Tavares (2006) and the Argentine Laboratory of Cultural Industries (2005).

assessment efforts, the majority of LAC countries do not have "satellite accounts" for cultural industries in their national accounting systems.³ The lack of unified

³ According to Statistics Canada, the country's National Statistics Agency, "satellite accounts are separate accounting frameworks which expand the analytical capacity of the national accounts into specific areas of concern, without disrupting or overburdening the national accounting framework. They maintain strong connections with the central framework but allow the flexibility to introduce alternative concepts or classification systems more appropriate to a particular field. Because a strong link to the central framework is maintained, the satellite account estimates are fully comparable to standard economic aggregates, like the GDP." Nowadays satellite accounts are increasingly being used for tourism and environment and

industries, countries analyze each sector in different ways. The lack of data and economic indicators on cultural industries prevents many governments from recognizing their importance and giving priority to these sectors. As a result, cultural industries still do not rank highly among the priorities competing for public funds within government budgets. Figure 2 shows the 2005 national budget of selected LAC countries for cultural activities as a percentage of the national budget.

Notwithstanding the scarcity of data, the evidence strongly suggests that cultural industries constitute an important and

could also be applied to the complex of cultural industries as well.

growing element of contemporary economic systems. Indeed, these industries are estimated to account for 7 percent of world GDP. In LAC, available statistics indicate that the average contribution of this sector (not including the cultural tourism sector) to GDP is about 3.5 to 4 percent. This compares with an average of 5 to 6 percent in Europe, and 7 to 8 percent in the United States of America (US), a major leader in the field (De Falco, 2006). Table 1 shows the contribution to GDP of cultural industries for a number of LAC countries and for the US over the 1993-2005 periods. As shown in the table, available data do not cover the entire period for all countries. Furthermore, although cultural industries

development is evident. In the UK, London accounts for 26.9 percent of employment in British cultural industries, while in the US more than 50 percent of all workers in cultural industries are concentrated in metropolitan areas with populations of 1 million or more. In most British cities, cultural industries employ between 2 to 8 percent of the workforce, reaching nearly 10 percent in London (Leadbeater and Oakley, 1999). O'Connor (1999) found that in Manchester, 6 percent of the population was employed in cultural industries, a share that was higher than in construction and close to the scale of the well-established transport and communication sectors. In Argentina, cultural industries in 2004 (not including the

Table 1. Cultural Industries' Contribution to GDP in LAC, 1993-2005 (%)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Argentina	6.6	...	...	...	...	...	...	2.32	2.4	2.47	2.63	2.85	3
Brazil	...	...	...	...	...	...	...	1.64	1.57	1.5	1.57	1.46	1.36
Chile	2.3	2.5	2.7	2.2	2	2.8	...	2	1.8	1.9	1.9	1.8	...
Colombia	...	...	2.3	2.1	2.1	2	2	1.83	1.83	1.81	1.77	...	...
Ecuador	...	...	...	...	...	0.8	...	...	1.79	...	...	...	...
Mexico	5.4	...	...	...	...	5.7	...	...	...	...	...	...	...
Peru	...	...	...	...	...	...	...	0.4	0.4	0.5	0.6	0.6	0.6
Paraguay	...	...	1	1	1	1	1	...	...	...	...	...	...
Uruguay	...	...	...	2.82	3.1	3.3	...	3.05	2.92	2.97	3.15	3.36	3.43
Venezuela	...	...	...	...	...	2.3	...	1.4	1.4	1.4	1.6	...	...
US	5.3	5.65	5.95	6.1	6.35	7	7	7.6	7.75	...	...	...	...

Source: Authors' elaboration on country level data from Ministry of Culture of Argentina, Convenio Andres Bello (CAB) and the Competitive Intelligence Unit.

still constitute only a modest proportion of national budgets, at the same time, they generate sizable contributions in terms of absolute employment. For instance, in 1991 in the United Kingdom (UK), just under a million workers (4.5 percent of the total labor force) were employed in cultural industries. In the US, these industries accounted for 2.4 percent of the total labor force in 1992, totaling just over 3 million workers (Scott, 2000). Considering that employment generation is mainly concentrated in large cities, a linkage between cultural industries and urban

cultural tourism and crafts sectors) generated US\$2.6 billion in Buenos Aires, representing 8.4 percent of the city's economy.⁴ In the same year, these industries also created more than 128,000 new jobs, or 5 percent of the city's total employment (Observatorio de Industrias Culturales de la Ciudad de Buenos Aires, 2005). Table 2 shows the contribution of cultural industries to employment for some LAC countries and compares it with that of the US. As indicated in the table, only

⁴ At an exchange rate of 1 USD = 3.07 Argentine pesos as of 05/09/07.

Brazil and Uruguay have a percentage close to that of the US, while the remaining countries have an average share of 3 percent. In addition, this table does not include data for smaller countries, where it is more than likely that the contribution to employment is even lower.

cultural industries flow across national borders with relative ease, being sold far and wide in addition to local markets.

7) Cultural industries generate positive externalities as they contribute to the quality of life in the places where they are present and enhance the cultural identity, image, and prestige of the area.

Table 2. Contribution of Cultural Industries to Employment

Country	Contribution to employment	Year
Argentina	3.2%	2004
Brazil	5%	1998
Colombia	27,724 employee	Various data between 1999 and 2002
Chile	2.7%	Average 1990 until 1998
Mexico	3.65%	1998
Paraguay	3.3%	1992
Uruguay	4.9%	1997
United States	5.9%	2001

Source: Authors' elaboration on OAS (2004) and Piedras (2004).

III. Local Development

Cultural industries are particularly well suited to serve as a driver for local development. Specifically, the following are characteristics of cultural industries:

- 1) Because they are location-dependent, cultural industries can create local sustainable jobs that are less susceptible to the fluctuations of the global economy than jobs in branch offices or factories of large multinational companies.
- 2) Cultural industries are people intensive rather than capital intensive, and often employ high-skill, high-wage, creative workers (Scott, 2004).
- 3) Cultural industries tend to be environmentally friendly.
- 4) Cultural industries tend to be highly interconnected within cities or regions (e.g., a music band may need video-making services, which in turn requires the services of graphic designers).
- 5) Cultural industries tend to be based on local, tacit know-how—for example, a style or a sound—that is not accessible globally.
- 6) Despite their predisposition to locate in close proximity, and despite the very local nature of their production, products of

8) Cultural industries are flexible and can be found in a wide range of locales. For instance, some sectors tend to establish themselves in urban areas (see Box 1), where people working in cultural industries can find affordable places to live, a high level of communication, and a pool of new talent, while others, such as crafts, gastronomy, and cultural tourism, tend to concentrate also in rural areas.

9) Finally, cultural industries can, at times, play a critical role in promoting social cohesion and a sense of belonging; arts, culture, and sports can offer meeting places in a society that is often divided and unequal.

Because of the strong connection between cultural industries and the localities in which they are embedded, they cannot be created simply by the political will of governments or fiscal incentives. Therefore, top-down approaches based on planning are unlikely to accomplish much at the local level. More than for other sectors, for cultural industries it is imperative to start off with what already exists on the ground and to build future development around existing opportunities.

Box 1. The Linkage between Cultural Industries and Urban Development

In many metropolitan areas, cultural industries are an important and growing element of the economy. In this regard, large metropolitan areas offer a highly favorable environment for development initiatives based on the cultural economy. In particular, some cultural industries are strictly linked to the urban environment for a number of reasons. First, due to their interconnected nature, cultural industries require high density of communication and interaction to rapidly share, copy, learn and modify ideas. Although electronic networks are increasingly taking the place of face-to-face interactions, cultural entrepreneurs still tend to congregate in cities and towns, where they can work, socialize, and live. Second, a high number of universities and educational institutions tend to be concentrated in urban areas. This set of institutions helps provide cities with streams of talent and ideas by attracting young creative people. Third, cultural entrepreneurs need affordable places to conduct businesses, such as workshops and offices in old warehouses, office blocks, converted schools and banks. Finding an affordable place is extremely important for cultural entrepreneurs, which is why many of them work in run-down areas that more traditional businesses do not want to occupy. Finally, cultural industries often require up-to-date technological and multimedia infrastructure, which is usually available in cities.

Cities or regions that lack any pre-existing base of cultural production face a more challenging policy problem. However, even where there were no pre-existing resources of cultural industries (e.g., traditions in a particular sector), some cities have been able to re-invent themselves through the establishment of new cultural industries. Indeed, much new development in old industrial areas has concentrated on building a new cultural economy through conscious efforts to re-use the vestiges of the industrial past (e.g., old buildings and facilities). In this context, local authorities across Europe, Canada and the US are striving to revitalize inner-city areas on the basis of industrial heritage, often in concert with local real estate interests.

IV. Cultural Identity

Culture is a controversial subject, which has been defined in many different ways in different contexts. Broadly speaking, the importance of culture to society is the way it creates “meaning.” This abstract concept of culture is of direct importance to cultural industries because it highlights the dual role that cultural industries play. First and foremost, culture is a set of symbolic resources for the creation of meaning. However, with regard to cultural industries, symbolic resources are commercialized, and pathways are opened for combined economic development and the creation of meaning. Therefore, cultural industries are important not only for their economic significance, but also as a vehicle of cultural identity.

In this regard, cultural identity is an important contributing factor to people’s sense of well-being. The identification with a specific culture gives people feelings of belonging and security. It also provides them with access to social networks, which in turn provide support, shared values, and aspirations. This can help build a sense of trust between people, although excessively strong cultural identity can also contribute to creating barriers between groups. As a result of the growing consumption of foreign cultural products in LAC, there is an increasing loss of cultural values and identities in the region, posing the risk that LAC will be reduced to a mere buyer of foreign cultural industries’ products. This is the case for all sectors of cultural industries, but it is particularly critical for cinema, radio, and television products, especially in

countries with high illiteracy rates (where those sub-sectors perform an important role in the construction of local identity).⁵ Therefore, supporting cultural industries simultaneously can support local values, tradition, and culture. The production of cultural goods and services, through innovation technology and contact with

other cultures (as an effect of globalization), can reinforce or renew these same traditions, strengthen the local cultural heritage, and create a new set of values. In this way, cultural industries not only contribute to economic growth, employment, and cultural identity, but also to cultural renewal.

⁵ In the television industry, in some LAC countries, 70 percent of programming is imported from the US, where a large domestic market ensures profit margins (Moneta, 2000).

PART II. SECTORS

This section provides an overview of the main sectors of cultural industries and discusses in detail the situation of individual industries in the region through an analysis of their structure, main stakeholders, policies, and strengths and weaknesses. As an overall observation, cultural industries constitute a rather disjointed collection of industries bound together by three important common features. First, in one way or another, they are all concerned with the creation of symbolic content. Second, the consumption of these products rises at a disproportionately higher rate as disposable income expands (Beyers, 2002). Third, driven by competitive pressures, cultural industries tend to be located close to each other geographically, while their products circulate with increasing ease in global markets.

Another observation relevant to cultural industries is that during economic downturns the entertainment industry suffers more acutely than other industries (Yúdice, 1999). For this reason, cultural industries in LAC have experienced a drastic decline due to particular political and social periods and the more recent economic crises that have affected several countries in the region. However, more recently, the growing creativity of the sector together with low production costs, have brought about a recovery and have increased the attractiveness of the sector to investors. In addition, LAC industries are characterized by a high level of quality throughout the production chain, a tradition of original production, and a presence of high-level actors.

These advantages can be further capitalized on in order to embark on a new period for the region's cultural industries. With 650 million people who speak Spanish and

Portuguese worldwide and a significant presence in both Europe and North America, there are great opportunities to strengthen existing export markets and develop new niches in global markets. Moreover, LAC countries should exploit the advantage of being linguistically and culturally close to one another and market their cultural industries in ways that would resonate with regional audiences.

However, and at the same time, it is important to note that LAC is not a homogeneous region as there are significant dissimilarities between countries in terms of country size, volume of the market, political history, and current conditions. Thus, the behavior of the industry is not the same across countries and makes it difficult to obtain an overall picture of the situation of cultural industries for the entire region. For example, not all countries in the region have specific regulatory frameworks and entities dedicated to cultural industries, and not all countries have undertaken specific actions to promote and support these industries. Consequently, even when average data for the region is available, it is difficult to precisely reflect the conditions of LAC cultural industries as a whole.

Editorial

The editorial sector includes the production of books, journals, magazines, newspapers, and includes authors, editors, printing industry, publishing industry, distributors and retailers, from the big distributors to the independent bookshops.

Since the middle of the 20th century, this sector has developed dramatically in LAC. Previously, Argentina, Mexico, and Spain

constituted the three great poles of a triangle of production and distribution covering LAC and the Iberian peninsula. However, the “boom” of Latin American literature began in the 1970s and continued into the following decade. Yet the spectacular growth of the sector was short-lived and soon fell into rapid decline, resulting from the external debt crisis leading to the “lost decade” of the 1980s and the subsequent liberalization and deregulation of national economies. The publishing industry began a steep decline in 1999, and after 2002 there was a strong reduction of book titles due to a loss in publication income and an increase in book prices. As part of the process of economic liberalization and deregulation process, the Spanish publishing industry took over the largest LAC printing houses and began buying major bookstores and distribution centers. At the same time, US publishers also began penetrating the region in selected market niches.

Despite the decline, more recently, the editorial sector in LAC has been experiencing new growth. Total sales from the January-March 2006 period registered an increase of 63 percent compared with the same period during 2005 (CERLALC, 2006). Between 2001 and 2005, the ISBN (International Standard Book Numbers) registry in LAC increased from 61,957 to 83,905 titles, thus growing by 35 percent (CERLALC *et al.*, 2006).⁶

In LAC, Small and Medium Enterprises (SMEs) dominate the editorial market. In this regard, there are about 1,520 editors with a production higher than 3 books per year (CERLALC, 2006). At the same time, new players, such as large publishing conglomerates and large distributors (e.g., supermarkets and the Internet), have also gained an important share of the market.

Currently, the main player in the LAC editorial sector is Brazil followed by Argentina. In Argentina the editorial sector represents the most important cultural industry in the country, and in 2005 it regained its position as the leader in the Spanish-speaking market followed by Mexico and Colombia. Together these three countries account for more than 60 percent of the total market (CERLALC, 2006). In MERCOSUR countries alone, the editorial sector produces about 70,000 titles per year, which means approximately 400 million copies, in Spanish and in Portuguese, for a total income of US\$ 2 billion (Getino, 2001). In 2004 Mexico published 2,331 titles with a production of 101 million copies, while Colombia published 9,640 titles with a production of 36 million copies (CERLALC, 2006).

Some countries have developed specific policies and programs to support their editorial sectors. In Argentina, for example, the city of Buenos Aires has promoted a program called Opción Libros (see Box 2).

Box 2. Programa Opción Libros

The Program Opción Libros (Option Books) is an activity promoted by the Sub-secretary of Cultural Industries of Buenos Aires city. The purpose of the program is to promote high-quality editions of small and medium publishing firms through the establishment of dedicated visible sale spaces in bookstores as well as major press promotional activities. Option Books is basically a public policy designed to promote cultural diversity, providing publicity of selected books in stores. Bookstores following the program are identified by signs in their shop windows, and their information is included in the communication materials of the program (bookmarks and catalogues). In addition, in each bookstore, the program has a dedicated space indicated by special signs, and books included in the program are easily identified by special banners.

⁶ The International Standard Book Numbers is a unique book identifier code. The ISBN system was created in the United Kingdom in 1966 and

was adopted as the international standard ISO in 1970.

In terms of employment, the editorial sector in Brazil employs about 18,000 people, 63 percent of whom hold permanent jobs. In other LAC countries, the figure is lower. For example, in Mexico 13,000 people are employed by the editorial sector with 54 percent of them holding permanent jobs, and in Colombia fewer than 6,000 people are employed in the sector with 46 percent of them holding permanent jobs.

In the context of this discussion, it is important to note that in LAC, only a minority of the population buys and reads newspapers. In 1996 Venezuela and Uruguay were the most important consumers of newspapers despite the fact that sales stood at only 14.5 newspapers per year/100 inhabitants (FELAP, 1996).

The regulatory framework applicable to the editorial sector varies greatly throughout the region. There are different laws and regulations applicable to the sector, and some countries still lack a specific regulatory framework. Table 3 lists the existing laws and regulations for the editorial sector.

Copyrights and the legal deposit of editorial products are usually subject to specific regulations for the editorial sector. Only Argentina, Bolivia and Ecuador have a specific entity in charge of the legal deposit, while Argentina, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Honduras, Guatemala, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela all have specific regulations for legal deposits (CERLALC, 2005).

Table 3. Editorial Sector Laws and Regulations in LAC

Country	Law
Argentina	Law 25.441 of 2001
	National Law 25.446 of July 2001: promotion of books and reading
	Decree 932/2001 of July 2001
	Law 25.542: defense of editorial activities, January 2002
	Law 22.399: ISBN, February 1981.
Brazil	Law 10753 of October 2003: national book policy
Colombia	Law 98 of 1993.
Costa Rica	Law 7874 of 1999: tax exemptions and price controls
Chile	Law 19.227 of 1993
Dominican Republic	Law decree N.289 of 1970: recognition of the Dominican Chamber of Books. A new book law was under discussion by the National Congress at the time this research was conducted (November 2006)
Ecuador	Law 71 of 1987
	Law 47 of 2006
El Salvador	Decree 808 of 1994
Guatemala	Law of 1999: promotion of books
Mexico	Law of May 2006
Paraguay	Law 24 of 1991
Peru	Law 28086 of 2003
Uruguay	Law 15913 of 1987
Venezuela	Law of April 1997

Source: Authors' elaboration based on CERLALC (2006) and field data collection.

Table 4. VAT in Editorial Sector in LAC

Country	VAT
Argentina, Colombia and Peru	Exempt
Bolivia, Brazil, Costa Rica, Ecuador, Honduras, Mexico, Nicaragua, Panama, Uruguay and Venezuela	0%
Chile	18%
Dominican Republic	12%
El Salvador	13%
Guatemala	12%
Paraguay	10%

Source: Authors' elaboration on CERLALC data (2006).

As illustrated in Table 4, only some countries exempt books from the Value Added Tax (VAT). While the VAT exemption helps boost sales of books due to lower prices, the exemption applies only to the final products and thus creates significant inequalities in the production chain. In most cases, the publishing industry has to bear the VAT as a production cost.

Beginning in 2003, the editorial sector in LAC started recovering and growing again in the international market as well, reaching about US\$850 million in imports (1.7 percent of annual growth) and exporting about US\$340 million (CERLALC and UNESCO, 2006).

Despite these positive figures, the editorial sector in LAC still faces a number of challenges, most notably a lack of equipment and facilities and the serious issue of *piracy*.⁷ In addition, some countries have neither public incentives nor easy access to credit. Moreover, the publishing industry has been negatively impacted by the shift to digital media. In this regard, the accessibility to online data in real time is transforming the way publishing industry products are consumed. However, at the same time, paper, as a traditional means of distributing editorial products, is expected to continue as the main source of editorial

products in situations and places where Internet is not accessible (such as places without electricity) and when there is a need of portability. This is true especially in regions like LAC, where the accessibility to online data covers a specific market niche that is oriented to consumers with particular needs and is still not a mass phenomenon. Additionally, the phenomenon of piracy has seriously hindered local and foreign investment and has minimized local creation and production, thus jeopardizing the market in the long run.⁸ Beyond the simple economic loss, piracy also means that respect for cultural products is lacking and limits the impact of efforts to promote local culture and identity. Finally, piracy often supports and feeds organized crime.

Audiovisual

The audiovisual sector includes the cinematographic and the television industries. Together these two industries are responsible for audiovisual products such as feature films, documentaries, television productions, animation, commercials, corporate and government productions, educational programs, music videos, and catalogue shoots. Table 5 provides an overview of the sector and its presence in selected LAC countries.

⁷ The term *piracy* refers to the unauthorized reproduction of work protected by copyright and also includes its illegal commercialization.

⁸ Trade in pirated books in some countries exceeds the legal market.

Table 5. Summary of the Audiovisual Sector in Selected LAC Countries

Item	Argentina	Brazil	Chile	Mexico	Venezuela
Population (millions)	34.6	161.8	14.3	93.7	21.8
Homes with TV (millions)	9.5	3.5	3.5	16	3.9
TV Penetration (%)	97.8	86.7	91.9	91.7	76.7
Pay TV Subscribers (%)	5.2	4.8	0.8	2.2	0.5
Pay TV Penetration	54.7	13.9	21.5	14.5	12.1
Home video cassette players (millions)	4	9.8	1.3	10.4	1.7
Video cassette penetration (%)	43.2	25	35	58	43.5
Movie houses	490	1200	150	1700	220
Movie audiences (millions)	21.3	90	7	75	13
Movie house attendance: person/year	0.6	0.6	0.6	0.9	0.6
Pay TV advertising revenues (US\$ millions)	720	2604	296	1055	110
Video sales revenues (US\$ millions)	110	765	33	205	15.1
Movie house revenues (US\$ millions)	113	320	22.4	137	15
Total audiovisual industries (US\$ millions)	2729	4811	608.5	1742.1	987.1
GDP/audiovisual revenues (%)	0.96	0.91	0.94	0.5	0.33
Audiovisual imports (US\$ millions)	441.5	689.9	119.8	252	76
Audiovisual exports (US\$ millions)	11.5	37	1.5	93.2	45
Audiovisual trade balance (US\$ millions)	-430	-652.9	-118.3	-158.8	-31

Source: Getino (1997) in Moneta (2000).

Cinematographic Industry

The global market for the film industry is dominated by Hollywood productions and is estimated to be worth US\$60 billion annually.⁹ The LAC film industry reportedly accounts for 3 percent of international film production, a proportion that is low considering the large audience Spanish and Portuguese speaking worldwide. Following the economic crises that affected several countries in the region, virtually all forms of finance dried up, forcing many cash-strapped production companies to cut short mid- or post-production. This lack of funds also hampered the distribution, marketing, and screening of films. Notwithstanding those difficulties, more recently the LAC film industry has entered a new period of vitality and productivity. Currently, LAC productions appear prominently in international festivals and events, attracting international and national audiences,

offering networking opportunities, and facilitating partnerships and business deals.

In the context of this discussion, it should be mentioned that the cinematographic industry is dominated worldwide by seven large major movie production companies (from now on, *majors*).¹⁰ These companies control the production and distribution of movies worldwide and have a national and international distribution network that allows them to screen a regular and constant number of movies on an annual basis.¹¹ There is a huge competition for world markets between the US major movie production companies and other audiovisual companies. Even the European Union (EU), despite the scale of its production shown in Table 6, now faces problems similar to those of the LAC region. Indeed, 80 percent of European movies do not leave their country

⁹ US productions regularly account for about 85 percent of film audiences worldwide (Riding, 2003).

¹⁰ The *majors* include Warner Bros., Paramount Pictures, United Artists, Metro Goldwin Mayer, Columbia Pictures, Universal Pictures, and Twentieth Century Fox.

¹¹ For instance, US movies account for 62 percent of movies shown in Mexico (Guzman Cardenas, 1997).

of origin. This competition has led EU member countries (and also other countries) to argue strongly in favor of a so-called “cultural exception” for audiovisual products in the context of international trade negotiations, on the basis of principles similar to those applied to the fields of education, health, and culture in general.

Currently, the principal actors that finance the LAC film industry are: i) governments, largely through indirect support; ii) private partnerships; iii) major business enterprises such as television stations; and iv) multilateral programs such as IBERMEDIA. In recent years, public support for the LAC film industry has been aimed at attracting

Table 6. Titles Produced, Total Investment and Average Cost per Film by Region, 1997 (US\$ millions)

Region	Titles	Total investment	Average cost
US	889	9,822.8	14.6
EU	912	3,213.8	3.5
LAC	96	113.6	1.2

Source: Moneta, 2000.

In LAC, only the most economically powerful countries, those that currently have protection regimes (e.g., Argentina, Brazil, and Mexico), have been able to maintain regular production. As Table 7 shows, in 2005 among LAC countries, Argentina had

foreign investment, while domestic productions has been characterized by low levels of funding—predominantly grants and seed funding. However, some countries do provide incentives for local production.¹² In general, various types of tax incentives are

Table 7. Films Released in 2005

Country	Number of Films
US	563
France	200 (estimated)
Spain	142
Britain	89
Argentina	65
Brazil	47
Mexico	25
Chile	14
Colombia	8 (2004)
Venezuela	6 (average 1990-2000)
Peru	4 (2004)

Source: Authors' elaboration on country-level data.

the highest number of film releases (65), compared with 47 for Brazil, and only 25 for Mexico. In this regard, local and regional production and distribution could be boosted if protection regimes and incentives for co-production with foreign private capital from both within and outside the region, following the European model, were adopted.

offered in most LAC countries and in many cases, represent the principal form of

¹² For instance, in Brazil, tax shelters and concessions largely drove local film production during the 1990s. In 2006 Mexico's Congress passed a tax incentive law to permit individuals or corporations to allocate as much as 10 percent of their federal tax payments to a national filmmaking fund.

support for the film industry. On the other hand, estimates show that throughout the 1990s local film companies received approximately 0.5 percent per capita in public assistance in comparison to approximately 1.8 percent for the European industry, and 5.5 percent for US local industry (CAB, 2003). Table 8 provides an overview of the main means of financing and the amount of state support for film

entering export markets. In addition, the general elimination of state support policies that accompanied the liberalization and restructuring of LAC economies during the 1990s has significantly contributed to the sector's deteriorating situation.

Piracy is also a major problem in the industry that hinders its further development. Specifically, the low prices of

Table 8. Means of Financing Motion Picture Production and State Involvement in LAC (1996, US\$)

Country	Subsidy	State Support	Loans	Premiums	Advance on sales	Financial Partnership
Argentina	X	53,434,000 (from tax revenues)	X	X		X
Bolivia			X		X	
Brazil		State and municipal tax incentives to production and co-production		X		
Chile	X	900,000 (from national budget)				
Colombia		110,000 (from national budget)	X			
Costa Rica	X	185,000 (from national budget)		X		
Cuba		National budget support				X
Mexico		2,550,000 (national budget)				X
Peru		200,000 (national budget)		X		
Uruguay	X	National budget support		X		X
Venezuela	X	5,320,247 national budget support and tax incentives	X	X		X

Source: Getino (1997) in Moneta (2000).

production in selected LAC countries for 1996. Argentina, which has one of the strongest film industries in LAC, has also by far the largest amount of state support to the industry.

Given the modest size of domestic markets and the close ties between movie theaters and the multinational *majors*, which tend to favor foreign films, it is difficult to recover capital outlays or earn a decent profit on the basis of the domestic market alone. Overall, LAC countries lack a strategy to bring their film productions to the international market on a continuous basis. While production rates are rising and private investment has increased since the early 1990s, a lack of finance still remains a major impediment to sustaining growth in film production and

pirated products negatively impacts audiences in movie theaters, thus making it less appealing to show domestic movies in theaters and to increase the number of movie theaters in the country.¹³ Piracy also seriously thwarts the involvement of TV channels in the film industry. Even if collaboration between the film and television industries is in fact very easy because many producers and technicians often work in both sectors, the high degree

¹³ For instance, in the Dominican Republic a pirated movie costs about 50-80 Dominican pesos (US\$ 1.50 - to \$2.50) and after seeing it, a person can return the movie to the vendor and exchange it for a new one. In contrast, a movie theater ticket in the Dominican Republic costs about 100-180 Dominican pesos (US\$ 3.00 - \$5.50).

Box 3. BASET - Buenos Aires Set de Filmación

The Sub-secretary of Cultural Industries of the city of Buenos Aires, Argentina has a program aimed at the film industry, called BASET, Buenos Aires Set de Filmación. BASET provides assistance to audiovisual production in the city of Buenos Aires, especially in the management of licenses for filming in public spaces, offers consultant services and information about locations and production services. In particular, BASET has a team that assists and monitors filming in public streets, which is very important because if a film producer does not have a license, he or she can face administrative sanctions or legal action. In 2005 BASET assisted in the production of 38 feature films, 468 commercials, and 58 television programs.

of piracy in the movie industry limits incentives for TV channels to buy copyrights and broadcast movies, especially domestically produced ones.

Another opportunity for the expansion of the industry in LAC is film location. The Hollywood film industry is increasingly producing more movies on locations outside of the US, benefiting from lower labor rates and incentives offered by many countries anxious to attract foreign productions. LAC could take greater advantage of this opportunity and make greater efforts to promote not only its locations, but also its production services, through skilled labor force and streamlined processes for filming in public spaces. In fact, some countries have established agencies and film commissions precisely with this goal in mind (see Box 3 on the Argentina experience).

Television industry

The television industry is divided according to its form of broadcast: open-air television channels and paid television channels (cable, satellite, and paid TV). Especially in areas with high illiteracy rates, TV, with its high penetration rates, assumes the functions of school, newspaper, and social community. The great majority of Latin American families, 84.1 percent, has access to open TV (Moneta, 2000). Indeed, the problem in the region is not one of access, but rather the content of TV programs.

Private and commercial television programs dominate the market. More than 50 percent

of TV programs in LAC are imported due to the fact that it is economically more convenient to purchase programs in the international market than to locally develop new ones. The US, where a huge domestic market ensures profits that will cover costs, supplies 70 percent of programming imports. However, some countries have been successful in locally producing their television programming, such as Chile and Argentina. Given the general imbalance between domestic production of TV programs and imported programming, several countries in the region (Peru, Colombia, Venezuela, Chile, Ecuador, Argentina and Bolivia) have established legal quotas for domestic programs. Moreover, a smaller group of countries led by Venezuela has started its own news network, mainly to counter the domination of CNN.

In the context of television production, telenovelas play a particularly important role in the LAC cultural industry landscape. In this regard, telenovelas represent one of the most exportable products already present in the international market with the potential to achieve even greater success. Currently, there are some highly developed and commercialized media systems such as Brazil's TV Globo and Mexico's Televisa that have already successfully exported programming to other countries in the region as well as to the US, EU, and other international markets (including China). However, telenovela exports are only a minor element in the overall balance of trade in television products since imports far

outweigh exports. In 1997 exports of telenovelas accounted for some US\$100 million for TV Globo (Brazil) and Televisa (Mexico) and roughly US\$15 million for firms in Colombia, Argentina and Venezuela. As for the cinematographic industry, some of the obstacles to increase exports of telenovelas and other television products are related to selecting a standard (Japanese, US or European), the costs of technological adaptation, and rising production costs involved in using the new technologies in order to make products competitive (Moneta, 2000).¹⁴

In their most elaborate and polished versions, telenovelas have served to increase understanding of certain features of Latin America and the Caribbean's multicultural identity in foreign countries, and generally speaking, have provided a successful basis for learning how to market symbolic goods internationally. Following these examples, telenovelas represent a means to reaffirm local heritage and catalyze social content as well as to promote local culture in both local and international markets.

Phonographic

The phonographic sector includes a range of activities with various streams. It encompasses the production and distribution of sound recordings or sound carriers (records, tapes, CDs, MP3s), the manufacture of instruments and audio equipment, live performances, professional and technical services, music publishing, the administration of authors' and other related rights, and music broadcasting.

¹⁴ However, a recent technological breakthrough may mitigate some of these issues. According to CNN.com (September 27, 2006), the Britain-based New Medium Enterprises (NME) recently stated that it "had solved a technical production problem that makes it possible to produce a cheap multiple-layer DVD disk containing one film in different, competing formats."

Discographic Industry

In most industrialized and developing countries, music represents one of the main significant cultural industries, whether assessed in cultural or economic terms. Ten years ago, the Latin American music industry was considered the fastest-growing sector of the world entertainment economy. Music sales doubled from 1981 (US\$12 million) to 1992 (US\$24 million) and then nearly doubled again by 1996 (US\$40 million) (Ochoa and Yúdice, 2002). However, its growth slowed by the end of the 1990s, when the economic crises affected the music industry as well. In 2000 Latin American music sales accounted for just 5 percent of total world sales (Throsby, 2002).

While there has been a decline in international sales, there has also been increased consumption of local and regional products (Cunningham *et al.*, 2005). For instance, MERCOSUR countries have the largest share of production volume and sales in LAC, having more than 130 million units sold per year (Getino, 2001). This trend indicates an improved capacity of local music industries in a number of countries to serve their domestic customers. However, there is considerable variation across countries. Considering the popularity of local and regional music throughout LAC, there is great potential to strengthen regional consumption and culturally proximate markets for Latin music.

In the context of this discussion, it is important to emphasize that there are three major issues that are partly responsible for the current situation of the music industry worldwide: i) the industry structure, ii) the new digital technologies that enable easy home downloading, and iii) the phenomenon of piracy.

In particular, vertical integration has been a prominent characteristic of the international music industry over the past few decades and has led to a series of significant mergers

within and between different sectors of the media industries. As a result of these mergers and take-overs during the 1980s and early 1990s, a few multinational media corporations now “own” most of the superstars as well as a large repertoire of music copyrights.¹⁵ In this regard, the marketing strategy of these companies has focused on a few hits by selected artists and has not attempted to disseminate the work of many others. This establishes a division of labor with LAC firms. The latter, given the high returns they need to justify their investment in an album (some US\$100,000 or more), tend to specialize in identifying new talent, and then selling their contracts or licenses to the majors for promotion and distribution. Thus, independent labels act as

a source of new talent and new sounds. In addition, most of the creative, as opposed to the financial risk-taking, is undertaken by these small independent firms, where new ideas result from experimentation. As such, many developing countries’ independent labels represent a valuable resource that can only be exploited if assistance is provided at the creative stage. More specifically, and despite their somewhat strong presence and vitality, local independent labels face difficulties in credit access, distribution, and management. Furthermore, these firms also need various forms of assistance, including technological expertise and advice on product development and copyright protection (see Box 4).

Box 4. What Is an Independent Label?

The mode of production of independent labels is often linked to a personal relationship to the music being produced—a special interest in a particular musical genre, the search for unknown talent as a policy of the company, or a political commitment to some forms of music.

Independents do not exist in isolation, but are rather part of a network that includes other venues of cultural and music production such as cultural centers of the state, NGOs, and specific artists. However, relationships between the different actors of this network can often be difficult because ministries of culture, record companies, and artistic organizations come from totally different backgrounds and use different “languages”. Consequently, better communication among these actors is becoming increasingly important in order to expand the benefits that independent labels can reap from their involvement in these networks.

Distribution is a crucial issue for independents. The means of distribution for independents changed at the end of the 1980s and the beginning of the 1990s with the diversification in music genres promoted by industries. The emergence of categories such as *world music*, *new age music*, *Latin music*, etc. have played a role in diversifying the offer. Over the last few decades, independents have been able to place at least a portion of their catalogues in music stores. In addition to these main distribution channels, independents also distribute their products in various types of formal and informal venues, ranging from bookstores to small craft stores or through improvised moveable stands in front of theaters. Often these smaller informal venues offer a much more personal approach to distribution and even sell more records than the big stores. However, despite new approaches, distribution is becoming a significant problem for independents. If a record produced by an independent company is successful, it is likely to be overtaken either by the majors who offer lucrative contracts to successful artists or by piracy. In either case, the independent label ends up for not earning the high level of revenues from a newly discovered artist.

¹⁵ Together, Sony (Japan), Universal-Vivendi (France), AOL Time Warner (US), EMI-Virgin (UK), and BMG (Germany) consistently account

for 70-80 percent of global music sales (Wallis, 2001).

In terms of the technology used in the industry, the business model of the discographic industry has experienced rapid techno-economic changes with the growth of the digital and Internet economy (e.g. iTunes, iPods, Napster, MP3, online subscriptions, ring-tones, etc.). Perhaps the most drastic change is that consumers are becoming producers. To some degree, technological innovation is also challenging the traditional structure of the industry, with the emergence of thousands of independents and multiple venues of self-production that do not go through the system of the industry.

In this context, it is important to note that transformation in digital technology has also led to the development of multiple forms of piracy: from large-scale organizations to personal downloading of music via the Internet. According to IFPI (International Federation of Phonographic Industries), the volume of illegal music sold worldwide in 2001 was about US\$4.3 billion, meaning that almost 40 percent of all CDs and cassettes sold around the world are pirated copies (IFPI, 2002). In fact, piracy rates in LAC countries are among the highest in the world and discourage investment and artist

development. Getino (2001) estimates that the losses caused by piracy are on the order of 25 million dollars per year in Argentina and 110 million in Brazil. In some countries, such as Argentina and the Dominican Republic, copyright collective societies, the government, and the school system work together to carry out awareness campaigns targeting students, considering that young people are the main consumers of pirated music.

Radio

Traditionally, radio has had high penetration in both urban and rural areas. Especially in rural areas, even without electricity, radio is able to reach almost every household. However, the important role that radio has played and continues to play, is now partly shifting to television. As shown in Table 9, in 1996 the ratio of number of radios per capita (hundred inhabitants) was 68 in Argentina, 61 in Bolivia and a little less in Uruguay and Venezuela (45). Overall, in LAC, there is one radio for every three inhabitants.

Table 9. Radios Per Capita in LAC - 1996

Country	Radios /100 inhab.
Argentina	68
Bolivia	61
Brazil	22.2
Colombia	14
Costa Rica	26
Dominican Republic	17
Honduras	39
Mexico	25
Uruguay	45
Venezuela	45

Source: FELAP, 1996.

Community radio stations, owned, run and editorially controlled by the public they serve, constitute a reality that complements publicly and privately owned networks. Currently, there are more than 2,000 community radio stations broadcasting in Latin America, 400 of which are affiliated with the World Association of Community Radio Broadcasters (AMARC). These “alternative” radio stations may not have a range beyond the neighborhoods, villages or islands from where they broadcast, and many of them are staffed by local volunteers. In addition and unlike commercial radio, which makes money from advertising, community radio stations are not profit-oriented, though sometimes they accept small advertising fees in order to survive (Roncagliolo, 1999). Finally, the most important function of these radio stations is to contribute to the creation and the evolution of indigenous and local content and to foster local development through increased ownership.

Multimedia

Multimedia is situated at the crossroads of a large number of technologies and economic sectors. Because this industry is under continuous development, available data quickly become unreliable and out of date.

The multimedia sector combines content (text, pictures, sound, music, graphics, data, animation, full-motion video) to create a variety of communication products. The sector includes the advertising industry, video games industry, software industry, and all media support. Even if relatively new, this sector is experiencing fast growth, depending mostly on the increasing presence of personal computers and the rapid convergence of computing and telecommunications. It is important to highlight that the use of these technologies is also increasing in rural areas through the diffusion of Internet-based local services.

As a sector of cultural industries, multimedia provides creative new ways of production. Other sectors of the cultural industries use multimedia for a variety of purposes ranging from fine arts, to entertainment, to commercial art, to journalism, to media and software services. In this context, small businesses are an important, if not dominant, force in the multimedia sector. However, they often lack the required skills in management, funding, setting up strategic partnerships, and distributing and marketing their products and services. Although data are not available, employment in the sector also shows important dynamics, especially in the areas of multimedia and software

Within the multimedia sector, the video games industry plays an important role. In particular, concerning the video games industry and new media, LAC is a contradictory and changing market. It is difficult to talk about a proper LAC video games industry; rather, it can be seen as an industry that locates itself between local representation of the global video games industry and the “appendix” of the national toys and games industries (Lugo *et al.*, 2002). This definition is confirmed by market trends and the role of the players. Thus, defining the video games market as a “maquila” of the global industry seems to be correct.¹⁶ Finally, the main stakeholders perceive piracy as a major threat to the future of the video games industry in LAC. To date, this industry offers little opportunity to create a local games industry that can provide added value in terms of software. To the contrary, “it seems improbable that the region would have”

¹⁶ The *maquila*, also called *Maquiladoras*, are industries managed by international corporations in economically deprived areas that mainly import spare components of certain products, assemble them using cheap labor and export them tax free to the US. The *maquilas* significantly benefit from special government treatment—presumably justified by the fact that they are located in poor areas.

soon “the opportunity to offer its own version of Space Invaders—as the television did with the telenovelas—because the market and the industry have already been colonized and the economic actors appear to be from another planet” (Lugo *et al.*, 2002). For this reason, LAC has been defined as the “backyard” of the US (Lugo *et al.*, 2002).

Visual and Performing Arts

The visual and performing arts sector includes theater, opera, dance, concerts and performances, orchestras, design, fashion, from the traditional fine arts to popular arts such as crafts. LAC presents a varied offer of quality products related to the visual and performing arts sector. Moreover, there is an important presence of new creativity mixed with traditional experience.

The most important sub-sector of the visual

both an important generator of wealth and a key factor in preserving traditional culture and guaranteeing cultural diversity; therefore, this sector could be an ideal way to develop and encourage local cultural diversity. By reflecting the creativity, culture and heritage of crafts people, crafts products have an increased added value.¹⁷ However, much work remains to be done to preserve, promote, and increase the presence of the crafts sector in socioeconomic and cultural terms. The main weaknesses in the crafts sector are mostly related to a lack of associations of firms, access to credit, and innovation. Furthermore, in some countries (for example, Argentina) there is no specific legislation for the sector.

The design sub-sector runs across many cultural industries that use visual support for their products. Box 5 describes an innovative program funded by the city of Buenos Aires, Argentina.

Box 5. CMD - Metropolitan Design Center

The CMD is a public institution created to assist companies, designers, and entrepreneurs in Buenos Aires with the aim of improving their competitiveness in design and innovation through: Innovation - Seeks to create and communicate know-how among the various actors in the value chain;

Strategic Design - Works on design strategies by drawing on the experience of what has been achieved in some productive sectors (the communication infrastructure, timber and mineral industry, fur supply, tourist development and cultural production, among others);

Management - Promotes, designs, and organizes programs for a more efficient use of resources in the value chain.

The principal working areas of the CMD are:

Research and Dissemination (I + T, *Investigación + Transferencia*) – Develops strategic design know-how that can be transferred to the production and commercial system;

Product - Contributes to the creation of multidisciplinary and cross-institutional teams;

Fashion - Interacts with the entire fashion system network: textiles, leather goods, footwear, accessories, jewelry, and bijouterie, to achieve a strong bond aimed at enhancing opportunities in the sector;

Interactive Design - Provides new information and communication technologies;

Incubation - Promotes the growth and development of projects linked to design, tourism, and cultural industries; to date, CMD has incubated 25 firms.

and performing arts is represented by local crafts production. In this regard, handicraft producers in LAC are mostly micro enterprises whose businesses are strictly connected with tourism. Yet the sector is often poorly organized and dispersed, there is no consensus among the actors, and there is some resistance to becoming more business-oriented. The crafts sub-sector is

¹⁷Department of Trade and Industry of South Africa, “Cultural Sector Technology Development Trends” at <http://www.thedti.gov.za/downloads/developmenttrends/culturalsectortourismsectorTechnologydevelopmenttrends.pdf> accessed on September 2007.

Box 6. Altos de Chavon School of Design

Since 1982, the school has been affiliated with the School of Design of Parsons University in New York City that recognizes degrees earned at Altos de Chavon. Other affiliated universities are in Japan, Korea, and France. These partnerships mean that after studying for two years at Altos de Chavon, students can either enter the job market or continue their studies in one of the school's affiliates. The Parsons School of Design also has a program specifically for Dominican students. Of the total 1,100 students graduating, 20 percent went on to study at Parsons. Recently, the school also entered into a new partnership with a Mexican University. Just as with Parsons, Altos de Chavon graduates have the option of continuing their studies in Mexico. In particular, the advantage of this new partnership is that for Dominican students, Mexico is more affordable than New York City. For example, of 18 students graduating last year, six of them continued their studies at the Mexican university, while the others all found employment.

The school seems to have good connections with local firms. Students who graduate with a degree in graphic design generally work for magazines, advertising, and design or graphic firms. For instance, 80 percent of the employees in one Dominican graphic design firm are graduates of Altos de Chavon. In addition, many advertising companies actively recruit professionals from the school. The school's serigraphy workshop also provides services for outside firms, including a firm from Puerto Rico that has been printing cards there for five years. In other cases, firms ask the school to provide some services using student labor. For example, a firm producing tiles requested the school to develop a new product line, and fine arts students carried out the project. Another example is the design of a new logo for a hotel by graphics students. On the whole, almost all graduates find jobs or go on to study at one of the affiliate universities. Fashion students find often job in the Zonas Francas (Free Trade Zones) in the many garment factories as quality control auditors or product developers.

In the Dominican Republic, since 1982, the Altos de Chavon School of Design has trained graphic designers for local and international job markets (see Box 6). Students who graduate from the school find jobs in the editorial sector (for example, with Editora Taller and Centro Leon), magazines, advertising, and design, or in graphic design firms. Usually the quality of the designer products is good, which means that there is no need to seek talent outside of the country.

With regards to the performing arts sector, it is important to note that the worker is not a factor of production, but is in fact, the product itself. There is no complex process

between the raw material and the final product. Due to this particular characteristic, there are some important consequences for the economics of the sector. Unlike other industries, performing arts cannot improve their productivity to compensate for an increase in costs. The performing arts is a sector with increasing costs and low demand, which in most cases, means that there is insufficient revenue to cover these costs. To support the performing arts, there are specific programs at the national and international levels, such as the IBERESCENA program for theater (see Box 7), which is patterned on the IBERMEDIA program of the audiovisual sector.

Box 7. IBERESCENA

IBERESCENA is a multilateral technical and financial cooperation project designed to encourage the development of contemporary theater and dance in the Ibero-American region. The program aims to create and consolidate a theater and dance network in its member states, in the Spanish-speaking countries, through grants, subsidies, and other incentives. To develop the activities of the program, a multilateral financial fund of 1 million dollars was established. The minimum contribution for member countries is US\$75,000. IBERESCENA is especially designed to complement the actions of artists, managers, and performing arts organizations. The participating countries are: Argentina, Colombia, Chile, Spain, Mexico, the Dominican Republic, and Venezuela.

The promotion of visual and performing arts can substantially impact the alleviation of poverty by supporting the sustainability of cultural activities such as crafts manufacturing, dance, and music. Participation in cultural activities, whether dance, theatre, music or crafts, builds self-esteem and confidence and contributes to building a strong identity, which is important not only for individual growth, but also for the ability to engage productively in the society. Moreover, gender relations can also be addressed in this sector since many artists, producers, and performers are women, although few women own or run associations. Finally, a production that emphasizes quality and unique features through well-developed local design and crafts has a great likelihood of differentiating itself from other products and increasing international competitiveness.

Cultural Tourism

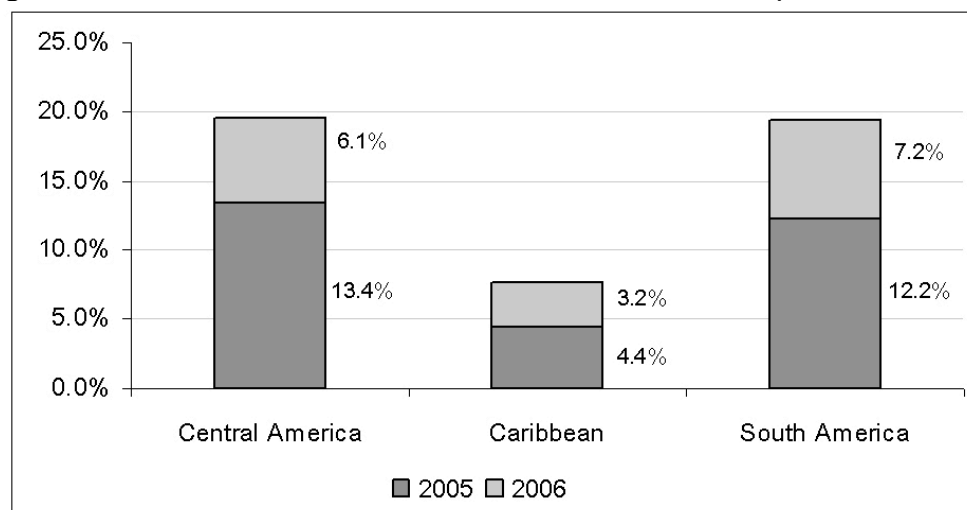
Tourism has become one of the most important industries globally, placing it

ahead of the production of automobiles and chemicals, and playing an increasingly significant role in the global market. Worldwide in 2006, there were 36 million more tourists than in 2005 (3 million more just in the Americas).¹⁸ In the last two years, LAC countries have evidenced important growth in international tourism visitors. According to UNWTO (2006), both in 2005 and 2006 the international tourism market in the region grew significantly, especially in Central America (see Figure 3).

This trend is being fueled by the process of globalization and by technology, through the proliferation of online services and tools that make it easier for travelers to choose their destinations and customize their itineraries based on their interests. In this regard, the following two trends currently dominate the tourism market:

- Mass tourism that is tailored to the interests of the individual consumer and not related to the unique characteristics of the destination; this kind of tourism takes into account both sports and leisure travel

Figure 3. Annual Growth of International Tourism in LAC (tourists volume)



Source: Authors' elaboration on UNWTO data.

¹⁸ Source: World Tourism Organization® - <http://www.world-tourism.org/> (accessed in March 2007).

as well as standardized and all-inclusive travel packages; and

- Cultural tourism, characterized by a growing number of travelers who rank cultural heritage and other cultural activities as one of the top reasons for traveling.

Cultural tourism includes tourism in urban areas, particularly historic or large cities, with particular emphasis on monuments and architecture, and cultural facilities such as museums and galleries. This type of tourism also covers rural areas and includes nature and eco-tourism. Moreover, gastronomy and typical products are an important part of cultural tourism. The rise of cultural tourism can be interpreted as a result of modern globalization in which international travel and cultural discovery have become part of the consumption patterns of large parts of the western world. At the same time, cultural tourism is largely fed by domestic tourism, which demonstrates an increasing awareness on the part of people of their indigenous heritage.

In LAC, cultural tourism is an increasingly important source of income for local populations and governments. LAC countries offer a variety of cultural attractions to tourists; archeological sites, colonial cities, and natural scenery are among the first resources sustaining the development of the sector. Unfortunately, specific data on the contribution of cultural tourism to market and employment level is not easy to obtain. However, data is available on the tourism sector's contribution (including mass and cultural tourism) to GDP in LAC. In Mexico, in 1998 the contribution of tourism to GDP was about 8 percent (Piedras, 2004). In Argentina, according to the National Institute of Statistics and Census (INDEC), in 2006 international tourism, especially cultural tourism, was the third largest source of income for the country. On the other hand, there are countries such as in the Caribbean, where tourism represents one of the most important economic activities

(reaching 34.1 percent of GDP in the Bahamas and 29.2 in Barbados), which often translates into resorts oriented to mass tourism. The economic relevance of cultural tourism is also related to the fact that cultural tourists spend substantially more than "standard" tourists do. In addition, tourism also creates direct employment and contributes to other sectors indirectly related to it.

Given its economic contribution, tourism can be viewed as an instrument for poverty alleviation and boosting socio-economic development. However, there is lack of dialogue among institutions, especially between the tourism and cultural sectors. Moreover, tourism often fails to establish successful linkages with the local economy, especially considering that in some countries (such as in the Caribbean), the most prominent form of tourism are resorts oriented to mass tourism, which largely depends on imports. On the other hand, in some countries, public strategies for cultural tourism have been developed; these strategies emphasize the linkage to unique typical aspects of the country, such as the "Estrategia de Marca País" (Strategy for a Country Brand) program in Argentina (see Box 8). Overall, it is necessary to seek out strategies aimed at fostering the development of cultural tourism, not only as an economic engine, but also as an important means of preserving and promoting local cultural and natural heritage.

Sports

The sports sector plays a significant role in modern societies; in fact, in some LAC countries, sports is much more than a sector; rather, it is the national passion. This is the case of baseball and cricket in the Caribbean and soccer in Brazil and Argentina.

Box 8. “Estrategia de Marca País”

The project, known as “Marca Argentina”, was initiated in 2004 by the Presidency of the Nation and the Ministry of Tourism in collaboration with other public organisms and numerous private institutions. Marca Argentina was created to introduce products that can be clearly associated with Argentina to the market. The project provides a system of visual identity graphically identifying Argentine products and aims to establish a brand symbolizing national identity. The brand is also helpful in terms of identifying local authentic products, and at the same time is an easy way to link products to quality.

The economic impacts of the sports sector are multiple, although not measured. This sector involves other sectors of cultural industries (for instance, the audiovisual, phonographic, and editorial sectors through broadcasting of sports competitions on television and radio, news reports, and daily and weekly newspaper reports). The sports sector also has a social cohesion function and can help distract people from socio-economic frustrations, facilitate social and cultural integration, and also help to reduce social and gender distance. Furthermore, sports clubs have the potential to perform

wide-ranging socio-cultural functions, including leadership, participation, skills development, providing a community hub, health promotion, social networks, and community identity.

Finally, in the cultural realm, sports may be both an expression of national or regional cultural characteristics and a source of cultural creativity. For example, it has been argued that the style in which Brazilians play soccer is illustrative of other attributes of the Brazilian “character” (Zurcher and Meadow, 1967).

PART III. CHALLENGES AND OPPORTUNITIES FOR CULTURAL INDUSTRIES

Despite the unique characteristics of each sector in cultural industries, they share a number of common challenges. This section discusses these challenges as opportunities for future intervention by governments, the private sector, and multilateral development banks. Before starting this discussion, a general observation should be highlighted: cultural industries cross the boundary between culture and economics, creating a need for dialogue and links between cultural and economic actors. In many developing countries, the importance of cultural industries, and more broadly that of the cultural arena, is often under-appreciated by local decision-makers. The low status of cultural industries has resulted in a lack of coordination of the policy-making branches of national and local governments, especially between culture and economic development departments. These departments often have conflicting agendas, resulting in incoherent policies for the sector. In addition to the lack of policy coordination, these two sets of actors often view one another as belonging to completely different areas of interest in terms of their vision, values, and objectives (Moneta, 2000). On the one hand, many economists do not view culture as a resource that can foster economic development, while on the other, actors in the cultural area often do not recognize the economic dimension of their activities, and, consequently, fail to take advantage of economic opportunities. In order to foster greater competitiveness of cultural industries, linkages need to be created to improve the dialogue among economists, public officials, businesspeople, bankers, and their counterparts in the cultural sector. With this observation in mind, this section addresses the specific challenges common to all sectors in cultural

industries and offers possible solutions for intervention.

Public policies and role of the state

There is a need for new industrial and cultural policies targeted to cultural industries (Buquet, 2006). First, there is a disconnect between existing state policy and the sector needs because traditionally cultural policies have focused on grant-giving and subsidizing cultural institutions. Public entities that are the target of state support usually are not connected with commercial and cultural entrepreneurs, which often do not seek public subsidies. Second, market distortions create a need for state intervention. Since many cultural industries have large economies of scale, they tend towards oligopoly and therefore exhibit abusive and unfair practices. Indeed, large multinational corporations usually dominate many markets around the world and hinder the competition of cultural goods and services that are produced domestically or by third countries. These conditions justify state intervention to compensate for market distortions and facilitate the distribution of alternative cultural products by promoting domestic production and cultural diversity. Third, cultural industries produce a number of benefits that are not entirely captured by market and investment returns. These industries contribute to educating and training people, giving pleasure to current and future generations, thus increasing the attractiveness of a country to tourists, and helping build a country's image—all of which create economic benefits in the medium- and long-run. Additionally, many cultural industries

are sustainable, environmentally friendly, and require little investment in new infrastructure.

Among the policies that have been applied successfully to this sector are decreasing fiscal pressure, tax reduction for the import of production inputs, direct or indirect subsidies, government procurement (to ensure demand of cultural industries products), and easy credit. Such policies direct investment to this sector by increasing return on investment. An example of this type of policy is the publishing industry in Colombia. The Colombian book law (Law no. 98, 1993) provides two decades of tax relief for resident publishers and guarantees that 20 percent of their output will be purchased by public libraries. In this regard, national legislation has been among the decisive factors in the consolidation of the industry, contributing to the country's growth in book exports. From 2003 to 2004, total book exports grew at a rate of 18.7 percent, increasing from US\$94.6 to US\$112.4 million.¹⁹ Some of the measures that have been adopted in Colombia can be applied to other countries in the region, including the adoption of a national book policy, tax exemptions on inputs, free transit for publication-related negatives, and systems to encourage the import of equipment for the printing industry (Moneta, 2000).

In contrast with policies designed to increase return on investment, in other cases, policies aimed at cultural industries support domestic production that would not be viable without such assistance. This is often the case in the film industry. For instance, in Argentina the success of the movie industry is due to the central role that the state plays in both the production and screening of movies through the INCAA (National Institute of Cinema and Audiovisual Arts), a government agency that promotes the Argentine film industry through a variety of funding mechanisms

¹⁹ International Book Fair of Bogotá's website, accessed on April 2007.

(mainly subsidies, grants, and easy credit) to qualified Argentine film production companies.²⁰ INCAA's budget comes from the national government, as well as percentages of box office revenues (both domestic and foreign), TV royalties, and home video revenues. It is an autonomous (autarkic) entity, which means that it decides how to use its resources. In this regard, there is little doubt that without state support channeled through INCAA, the sector would not be viable.

Yet government intervention not only applies to developing countries' cultural industries; indeed, several developed countries have launched a number of initiatives to support their domestic cultural industries, which otherwise would not be profitable. In Canada, for example, there are a number of institutions that provide support (at the federal, provincial and municipal levels) to the domestic film industry including the National Film Board of Canada, Telefilm Canada, the Department of Canadian Heritage, the Canadian Radio-Television and Telecommunications Commission, and the Canada Council for the Arts. Through government-funded institutions, quotas, incentives and production grants, the Canadian film industry has been provided with the means to create high-quality programming, which has resulted in the doubling of film production over the last decade.

Indeed, governments can also play an important role in providing effective legal and regulatory frameworks for cultural industries, which are often lacking in LAC countries. In many countries in the region, regulations are characterized by old laws,

²⁰ According to the Laboratorio de Industrias Culturales, Subsecretaría de la Nación, in 2005, 65 films were released in Argentina (on average, an Argentine resident went 0.96 times to the movies in 2005, while the average for the city of Buenos Aires was 3.94 times). For additional details, see the section on the audiovisual sector in Part II of this paper.

lacking in coordination and thus, overlapping over time. Confusion on the legislative and regulatory side, together with the multi-sectoral nature of cultural industries, has resulted in the creation of a plethora of agencies and institutions that provide redundant oversight of the sector. Regulations and institutions are also needed to combat piracy, which has grown dramatically in recent years. Trade in illegal products in some countries exceeds the legal market, especially in the sectors characterized by the presence of non-traditional media. In 2000 the International Federation of Phonographic Industries, the global piracy enforcement agency of the sector, estimated that the market share of pirated products in the phonographic sector was 90 percent in Paraguay, 75 percent in Brazil, and 60 percent in Mexico (IFPI, 2001, in Gauthier and Yúdice 2002). In the editorial sector, piracy is also a huge issue. In 2001 the annual turnover of the legal publishing industry in Latin America and Spain was estimated at US\$5 billion per year, compared with the pirated book market of US\$8 billion (Kuntz, 2001). However, it would be naive to assume that effective control of piracy will automatically lead to the creation of legitimate businesses. Besides the economic loss, piracy also means an inadequate respect for cultural products and thus hinders efforts to promote local cultural heritage and cultural identity.

Finally, the public sector, together with private actors, could take steps to improve the availability of reliable and accurate data. As mentioned earlier, given the multi-sectoral nature of cultural industries, data on these industries are found across a number of other sectors in the entire economy, thus hampering efforts to obtain an accurate overview of cultural industries and making comparisons among its various sub-sectors as well as with other economic sectors difficult. In this regard, data and economic indicators are needed to identify the strengths, weaknesses, and opportunities for the sector and to better allocate private and public resources. In particular, the lack of data and economic indicators has important implications for the political economy of cultural industries, because without such data, public and private actors do not have a clear idea of the impact of the sector on the overall economy. Consequently, they remain unconvinced of its importance and do not give it a high priority in the political agenda. Following the examples of Chile's Banco Central and Colombia's statistical institute (DANE), LAC countries should develop special satellite accounts for culture (see Box 9). Furthermore, these accounts should be created in a comparable fashion throughout the region so that a regional analysis would be possible.

Box 9. Data and Indicators for Cultural Industries

An increasing number of governments have recognized the importance of cultural industries by developing policies at the national and sub-national levels to support their growth. The UK is widely recognized as having played a ground-breaking role in devising these analytical models, with the government's Department for Culture, Media and Sport producing the first Creative Industries Mapping Documents in 1998 and 2001 as part of their efforts to reinvigorate economically depressed industrial towns and cities. In LAC, the Convenio Andrés Bello (CAB), a regional institution based in Bogotá devoted to the promotion of culture, has published a number of pioneering studies on the economic dimensions of cultural industries in LAC. In connection with its program for economy and culture, it has collaborated with member countries to improve their systems of economic information for culture. With the financial support of the IDB, CAB has been working on a draft methodological handbook for the implementation of satellite accounts for culture, which will also allow statisticians to define the contribution of cultural industries to the economy (in terms of GDP, for example) by implementing cultural measures in the national accounting and statistics system. The outcome would be to create an information system on culture, and the handbook builds on the experience and efforts of DANE in Colombia and Chile's Banco Central, both of which have also been working on the development of special satellite accounts for culture.

Private Investment and “Hybrid” Sources of Financing

In addition to public policies, private investment is also needed. The key issue facing potential investors in cultural industries is return on investment. Due to the difficulties in evaluating cultural industries (according to traditional indicators), it is not easy to assess the economic value of these sectors. However, the analysis of GDP and employment-level contribution of cultural industries illustrated in this paper highlights the importance of these industries in national economies.

An important role for the development of cultural industries, especially for conventional sectors, could be played by private investment, commercial sponsorship, and advertising. Other significant forms of financing are “hybrid” interventions, public-private investment, and co-productions (i.e., ventures in which governments or businesses provide seed funding or start-up capital). Box 10 describes a successful public-private initiative—an incubator for cultural enterprises—in the city of Cordoba, Argentina.

Other interesting sources of financing include philanthropic investments, foreign investments (particularly in co-production

and joint-venture arrangements), and major business enterprise investment through revenue-sharing arrangements and product endorsements (especially in the phonographic and audiovisual sectors). For instance, cuts in public funding and increasing production rates have fostered greater private investment, particularly in Argentina where local television stations such as Telefé have invested in local audiovisual productions (Cunningham *et al.*, 2005).

In the context of this discussion, it is important to note that business advice and finance is often tailored to the needs of mainstream sectors/businesses, and that a common feature of cultural industries is that these sectors are characterized by mainly micro, small and medium enterprises (MSMEs). MSMEs in these sectors typically have low levels of investment and often lack of capital to increase their production. In this regard, cultural entrepreneurs face significant difficulties in securing financing in the amount and at the time it is needed. Often cultural industries need little capital to start up their activities and require venture capital in subsequent phases of their activities, yet both kinds of financing—the initial micro-credit and the subsequent venture capital—are difficult for these industries to obtain. In addition,

Box 10. CREA

CREA (Creative Industries and Cultural Enterprises Incubator of the city of Cordoba - *Incubadora de Industrias Creativas y Empresas Culturales de Córdoba*), is a public-private initiative designed to promote and support ideas with entrepreneurial potential in the field of cultural industries. CREA provides technical assistance to firms to develop or start their businesses and conducts research to explore new markets. CREA's private partners are concentrated in business activities not related to the cultural field, which was a conscious decision of the Municipality of Cordoba aimed at avoiding conflict of interest and developing cultural industries as productive sectors. Currently, the main partners of CREA include: the Municipality of Cordoba, the Secretary of Culture of the Nation, the Historic and Urban Patrimony Institute of the National University of Cordoba (Instituto de Patrimonio Histórico y Urbano de la Universidad Nacional de Cordoba), Córdoba Development Agency (Agencia de Desarrollo Económico de Córdoba - ADEC), Cultural Promoters Network of LAC (Red de Promotores Culturales de Latinoamérica y el Caribe), British Council Argentina, Volkswagen Argentina, Metalúrgica Roma, Arcor, and Telmex.

because of the often intangible nature of cultural products (especially services), cultural entrepreneurs face tremendous difficulties in accessing conventional lines of credit because they lack the required collateral and guarantees.

Coordination among sectors

A lack of coordination among sectors of cultural industries poses a serious challenge at three different levels among: i) public institutions, ii) public and private actors across different sectors, and iii) and private actors. First, although multiple institutions are often involved in a specific sector, they rarely coordinate their efforts. For instance, in the crafts sector in the Dominican Republic, the main institution, CENADARTE, is not involved in many projects that the National Council for Competitiveness has implemented with artisans. Often the overlapping, uncoordinated institutions fail to maximize the impact that each could have on the sector. In the Argentine phonographic sector, the three collective societies that manage copyrights and royalties are another example of the lack of coordination.²¹ These societies rarely work together; on the contrary, they often disagree on relevant issues, which results in slow and complicated decision-making processes. Second, communication is also extremely important among the different sectors of cultural industries. As stated earlier, cultural industries tend to be interconnected with one another and often trade services. Because these sectors are interrelated, the success or failure of one sector will inevitably affect the others. Therefore, it is imperative that

²¹ A collective society is an organization that represents a group of rights holders. This makes it easier to collect and distribute royalties and levies. The three Argentine collective societies correspond to the three types of copyrights existing in the country: editorial/publishing rights, singers'/performers' rights, and phonographic producers' rights.

the main stakeholders of each sector communicate with one another and coordinate their policies. In this study, the importance of coordination was particularly clear in the case of the crafts and tourism sectors in the Dominican Republic, in which local crafts producers, because they are not formally part of the tourism sector, they therefore cannot take advantage of the opportunity to increase sales and grow as a sector.²² Finally, the fragmentation of the private sector is a common feature of many cultural industries in LAC. Yet while SMEs and individual entrepreneurs account for most of the production in cultural industries, these firms are highly disjointed and rarely form associations. Thus, excessive fragmentation and a lack of associationalism are a serious obstacle to the growth of the sector. To address this situation, better integration of the private sector would help the government recognize the importance of this sector of the economy and facilitate the design of policies targeted to cultural industries.

Product distribution

For many cultural industries, distribution is a greater challenge than production. In many cases, cultural entrepreneurs can easily produce their own projects, either because new technologies have lowered entry barriers (such as in the discographic sector, where digital technologies have made it extremely easy for an artist to produce an album), or because support measures are available (such as in the cinema industry, where national or international funds support production). However, once produced, these products face enormous difficulties reaching the market. For instance, notwithstanding the large number of craft producers and the size of the market in the Dominican Republic, local artisans experience real difficulties distributing their

²² See chapter on Visual and Performing Arts in Part II.

products.²³ In the case of the Dominican Republic, the problem is that the main channel of commercialization for craft products is tourism, which in the country is mostly resort-oriented, mass tourism. This type of tourism concentrates on products that are mainly mass produced and often imported and does not establish any linkages with local craft producers, who are thus left out of the business network.

The main distribution problem is the presence of large multinational companies that retain the largest share of the market with their massive marketing capabilities around the world. In addition, policies in the sector have, for many years, focused on the production of these goods and services and on their subsidization, without really thinking about the market. The combination of these two factors has resulted in an inadequate distribution of LAC cultural

products. This is particularly important considering that LAC domestic markets are often small with low levels of purchasing power. Consequently, domestic markets do not guarantee a large pool of consumers for goods and services of local cultural industries. For these reasons, marketing and distribution strategies play a crucial role in the sector, and many lessons can be drawn from some more or less successful existing practices. For instance, the French government funds an agency whose mission is to support the distribution of French movies abroad (see Box 11). This association—which brings together close to 500 members, including feature film and short film producers, sales agents, directors, and actors—follows each stage of the distribution of a French movie abroad, ensuring that French movies have sufficient international exposure.

Box 11. Unifrance: Promoting French Cinema Worldwide*

The Unifrance association operates under the direct supervision of the CNC (Cinematography National Center - *Centre National de la Cinématographie*), the state-run body responsible for funding policies for French cinema administered by the Ministry of Culture. The budget of the association is comprised of funding from the CNC, a grant from the Ministry of Foreign Affairs (aimed at joint projects with its diplomatic offices around the world), and revenues generated by Unifrance itself.

Unifrance highlights all current French films, including those in production, on its web site and in its information newsletter, which has a distribution of 5,000 copies worldwide. The association also participates in all major international film festivals and markets. During these events, it assists artistic delegations and offers French professionals access to promotional and marketing locales and facilities. Unifrance also provides follow-up support to the commercial release of French films abroad. In conjunction with the CNC, Unifrance sponsors many activities with the aim of maximizing the exposure of French films in worldwide markets. The association also works closely with French producers and sales agents in the marketing of films abroad and provides support and financial backing to foreign distributors in the lead-up to the release of French films by facilitating press relations, providing grants for film prints, subtitling and dubbing, and assistance to broaden release patterns for films, among others.

* Source: www.unifrance.org accessed on March 2007.

²³ According to CENADARTE, in 2006 there were approximately 10,000 craft producers.

Box 12. Arepa 3000

Latin World Entertainment (LWE) group is a Venezuelan independent record label focused primarily on production and with limited distribution capacity. When an American independent record label (Luaka Bop) began looking for a distributor for *Arepa 3000*, the second album of the Venezuelan fusion band, Amigos Invisibles, the owner of LWE decided to offer its services. After negotiations between Luaka Bop and EMI failed, he courted the American independent label and, through a firm commitment to purchase a large number of CDs, obtained an exclusive distribution deal for the record. At the same time, he was aware of the forthcoming launch of a new prepaid cell phone product by Movilnet, one of the largest mobile phone operators in Venezuela. Realizing that this product and *Arepa 3000* targeted the same youth demographic audience, he came up with the idea of bundling the record with the pre-paid cell phone as a package, thus ensuring that the album would be distributed and legally sold. Consequently, Movilnet bought 80,000 units, which allowed LWE to secure the purchase of a large number of copies in excess of Luaka's original sales estimates. A media campaign including TV and radio ads featuring the members of the band was then launched.

However, even with governmental support, there is no guarantee of success. The German experience is an example of a failed effort of state support in the movie industry. Notwithstanding one of the highest subsidies in Europe for movie distribution in theaters, totaling US\$150 million per year, German movies have been unsuccessful in capturing large audiences both at home and abroad. Indeed, German movies account for only 7 percent of box office revenues in the domestic market (Getino, 1998). Generally speaking, there is evidence that subsidies for movie distribution in theaters may actually have a perverse effect because subsidized movies either are not screened in theaters or fail to attract audiences (Fuenzalida, 2000).

In contrast with the German example, a successful case is an innovative private distribution strategy by an independent Venezuelan record label, Latin World Entertainment group (LWE). This company was able to obtain the exclusive distribution rights to the album *Arepa 3000* and secured a market for the album by bundling its distribution with that of a pre-paid cell phone (see Box 12).

Regional market integration

In order to increase the competitiveness of cultural industries in LAC, there is a need to

foster regional integration and cooperation. To compete with large international companies (especially in the phonographic and audiovisual sectors) and to overcome the limitations of domestic markets, both in terms of size and purchasing power, it is crucial for LAC cultural industries to expand into the regional market. Regional initiatives among neighboring countries (in the framework of MERCOSUR or CARICOM, for example) should be supported to promote collaboration and, perhaps even the creation of a regional (or sub-regional) seal or brand. One of the few examples of sub-regional cooperation is provided by four Caribbean countries (Jamaica, Barbados, Trinidad and Tobago, St. Lucia) whose authors' collective societies have united under the umbrella of the Caribbean Copyright Link (CCL). CCL acts as a shared service center for the societies, allowing them to pool their resources in order to reduce costs, streamline operations, and increase the number of operations for their members.²⁴

²⁴ Each CCL member focuses on typical author society tasks such as membership, rights acquisition, licensing, monitoring, collection, and distribution. The society then sends its documentation and performance data concerning local works to CCL, which maintains a central database. The database handles royalty distribution, monitors and maintains CIS

Box 13. MEDIA Plus

The program has a budget of 400 million euros, providing both pre- and post-production support. MEDIA Plus co-finance training initiatives for audiovisual industry professionals, the development of production projects (feature films, television drama, documentaries, animation, and new media), and the distribution and promotion of European audiovisual products and cinematographic festivals. This program also sponsors, together with other organizations, the European Film Promotion (EFP) to promote and market European cinema throughout the world. The EFP, which was established in 1997 and has 27 national export and promotion organizations from 28 countries, provides an example of an interesting regional effort to: i) increase competitive opportunities in the international marketplace; ii) enhance the distribution possibilities; and iii) contribute to the opening of new markets.

While still a nascent organization, CCL has already begun to see some results from the collaboration, with significant improvements in licensing, royalty collection, and distribution. However, apart from this experience, regional or sub-regional collaboration is still limited. In this regard, the LAC region may draw lessons from the EU experience. To some extent, a variety of assistance and promotion measures implemented within the EU have helped to keep in check the domination of multinational companies in the film industry. In order to strengthen its movie industry, the EU set up a program called MEDIA Plus that began operations in January 2001 with the objective of strengthening the competitiveness of the European audiovisual industry (see Box 13).

International Trade

Another cross-cutting issue identified in the study is the treatment of cultural industries in international trade regulations. On one hand, trade liberalization may adversely affect local production of cultural industries, while on the other, excessive protection may limit economic benefits resulting from international trade. For this reason, cultural industries have traditionally been viewed as a delicate issue in free trade agreements. In most cases, trade in these industries is either regulated by bilateral agreements or is excluded altogether by treaties.

(Commonwealth of Independent States) data standards, and exports regional data worldwide.

An important change for cultural matters within the World Trade Organization (WTO) occurred during the Uruguay Round, which took place from September 1986 to April 1994, when the General Agreement on Trade and Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) were adopted. Another WTO instrument regarding the international trade of cultural industries is the Agreement on Trade-Related Investment Measures (TRIMS). Table 10 summarizes the main WTO tools that affect cultural industries.

During the final negotiations of the Uruguay Round, some countries expressed concern that the WTO principles regarding goods and services (including copyright-protected products) would result in a loss in cultural specificity in favor of mass production of standardized goods and services.²⁵ To address this concern, the negotiators proposed exemptions to preserve domestic production, guarantee local cultural forms of expression, and avoid the standardization of tastes and behaviors. Since then, this

²⁵ This is particularly true for the “Most Favored Nation” (MFN) and national treatment rules. The MFN rule means that every time a member state improves the benefits that it gives to a particular trading partner, it then has to give the same “best” treatment to all other WTO members. The national treatment principle also means that imported and locally produced goods should be treated equally. In this regard, the same treatment should apply to foreign and domestic services, as well as to foreign and local trademarks, copyrights, and patents.

Table 10. World Trade Organization Instruments

GATS General Agreement on Trade in Services	<ul style="list-style-type: none"> - Covers all internationally traded services. - Is the first multilateral agreement including cultural services. - Does not oblige WTO members to open all their service industries to foreign partners.
TRIPS Agreement on Trade-Related Aspects of Intellectual Property Rights	<ul style="list-style-type: none"> - Brings intellectual property rights under common international GATT/WTO rules. - Requires WTO member countries to adhere to minimum standards for protection of intellectual property rights. - Obliges countries to grant minimum periods of protection for copyrighted works. - Obliges countries to fight unauthorized reproduction (piracy).
TRIMS Agreement on Trade Related Investment Measures	<ul style="list-style-type: none"> - Applies only to measures that affect trade in goods and that discriminate against foreigners or foreign products.

understanding has been known as the “cultural exception.”

Among countries that have developed special policies and exemptions, the EU has refused to liberalize the audiovisual sector and services related to libraries, archives, and museums. In addition, the EU also decided to develop regional public policies to support the audiovisual sector such as broadcasting (TV and radio) quotas, financial aid (for production and distribution such as the MEDIA Plus program), and regional co-production agreements.

Following the Uruguay Round, cultural industries began to experience increasing challenges from international competition. Given the difficulties that cultural industries face to be competitive in the market, the thirtieth General Conference of UNESCO reaffirmed that the free circulation of cultural goods and services should not be subject only to the rules of the international marketplace. Furthermore, the effects of multilateral trading systems on cultural goods and services have led to consultations on the importance of cultural diversity. As a

result of the consultations, in 2005 148 countries signed the UNESCO’s Convention on the Protection and Promotion of the Diversity of Cultural Expressions that came into force in March 2007. This convention is the most recent instrument created to foster the promotion of cultural diversity while dealing with the challenges associated with trade in cultural goods and services. Article 1 - h) of the Convention reaffirms the rights of sovereign states to “maintain, adopt and implement policies and measures that they deem appropriate for the protection and promotion of the diversity of cultural expressions on their territory.”

Even in the existing regional trade agreements in LAC, cultural industries are usually a sensitive issue, mirroring the tensions created by global trade. In particular, there is a lack of a general consensus that has resulted in exemptions and bilateral agreements in order to regulate trade in cultural industries. Box 14 summarizes the situation of cultural industries in free trade agreements in the region.

Box 14. Cultural Industries and Free Trade Agreements in LAC

MERCOSUR* - Few references to cultural industries exist in MERCOSUR legislation. One of them is in the agreement to liberalize cross-border investment, known as the Colonia Protocol (1994). Given the flow of Argentine and Brazilian audiovisual products into Paraguay and Uruguay, each country stipulated a specific bilateral agreement to regulate the trade of Cultural Industries. In the Colonia Protocol, Article 2 of the Annex specifies each country's exemptions: Brazil excluded its radio, television, and telecommunications industries; Paraguay and Uruguay both exempted their radio, television, publishing, and telecommunications sectors; and Argentina did not make any exemptions in the communications sector.

Since its inception, the central focus of MERCOSUR has been on economic development, and cultural issues were not considered in the original negotiations that resulted in the Treaty of Asunción. Later, during the 1990s, the concern that a strictly economic and technical-bureaucratic model of regional integration would not yield the results expected of the agreement was raised. Drawing on the experience of the EU, which initially also limited itself to the economic dimension and later expanded to include culture among its priorities, a series of governmental and intergovernmental meetings and seminars, both private and public, proposed that the treaty should not be limited to trade agreements or governmental activities. As a result of these developments, the idea of the Cultural MERCOSUR emerged as a mechanism that functions on the basis of agreements between the ministries of culture of the region (Moisés, 2000).

The Cultural Integration Protocol, approved in 1996 in the city of Fortaleza, Brazil (CMC, 11/96), seeks to provide the legal framework for cultural integration within the trade bloc. The main issues of the Protocol are: i) the promotion of the cooperation and the exchange between government institutions and cultural agents, and ii) the enrichment and diffusion of the MERCOSUR's cultural and artistic diversity. Like the EU legislation, this document recognizes that "culture constitutes a fundamental element of integration processes" and establishes that "member-states will seek to promote cooperation and trade between their cultural institutions and agents" (Article 1), with priority given to those ventures that "express the historical traditions, the common values and the diversity of member-states" (Article 2). The main initiatives carried out in the context of the Cultural Integration Protocol were: i) a special customs treatment for cultural goods (the so-called "MERCOSUR Cultural Seal"), which allows the free circulation of goods destined to exhibition at cultural events (favoring exhibition and performing arts); ii) a fellowships program; iii) an exchange program for young writers; iv) itinerant photograph and cartoon exhibitions; v) co-financed editions of writers from the four partners; vi) the "MERCOSUR Cultural House" in Colonia, Uruguay; and vii) other initiatives related to the preservation of the "common cultural patrimony" (Galperin, 1999). In July 2006, Buenos Aires, Argentina, was designated as the permanent headquarters of the MERCOSUR Cultural Seal.

NAFTA** - Due to the lack of a consensus among member-states on cultural industries, they were therefore left out of the agreement. For example, negotiations concerning audiovisual industries in NAFTA highlighted the trading partners' different agendas. Given the cultural protectionism agenda of Canada, US products do not flow smoothly to Canada (unlike in Mexico), even though 80 percent of the population lives within 100 miles of the American border and there are no language barriers (with the exception of Quebec). On the other hand, when Mexico's chief NAFTA negotiator was asked whether his country feared that the inclusion of cultural industries in the agreement would affect his country's national identity, he replied that the issue "has little relevance for Mexico" and that, given Mexico's cultural heritage, "there is no cause for concern" (quoted in García-Canclini, 1996). As a result of these different agendas, a double standard was set within NAFTA. Annex 2106 establishes that, between the US and Canada, cultural industries are exempted from the agreement.

DR-CAFTA - This is one of the most “open” trade agreements. In DR-CAFTA, all services have been liberalized under the agreement, unless an existing law already protected a service at the time the agreement was signed. As a result, there is a “reserve list” in which all the sectors previously protected are listed. Some sectors of cultural industries are regulated by specific chapters or clauses.

CARICOM*** – The Caribbean Community and Common Market (CARICOM) was established in 1973 by four first signatory countries: Barbados, Jamaica, Guyana, and Trinidad and Tobago. Currently, CARICOM has 15 full members; Colombia, Mexico, the Dominican Republic, and Venezuela are observer members. UNESCO and CARICOM agree to co-operate through their appropriate organisms, and their cooperation extends to all matters arising in the spheres of education, science, and culture.

* The concept of MERCOSUR (Mercado Común del Sur - Southern Common Market) began in 1986 when Argentina and Brazil signed the Economic Cooperation and Integration Program (PICE). The project was later expanded to include Uruguay and Paraguay, and was finally consolidated when the four countries signed the Asunción Treaty on March 26, 1991. Bolivia, Chile, Colombia, Ecuador, and Peru currently have associate member status, while Mexico is an observer. In addition, Venezuela became a full member in 2006.

** The North American Free Trade Agreement (NAFTA) is a free trade agreement between Mexico, the US, and Canada launched in January 1994 and represents the world’s largest free trade area.

*** Originally, this agreement encompassed the United States of America and Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and was called CAFTA. In 2004 the Dominican Republic joined the negotiations, and the agreement was renamed DR-CAFTA (Dominican Republic–Central America Free Trade Agreement).

Education and training

Cultural entrepreneurs need to develop a mix of creative and business skills. Across all sectors, there is a low level of management skills, especially because entrepreneurs are usually artists. For example, in the film industry in Chile, movie directors are the executive producers of their own movies, which often negatively impacts the final product. In general, movie directors need to focus on the creative aspects of the project, and executive producers need to ensure the economic viability of films, so when these roles are intertwined, both can be compromised. This practice extends beyond the Chilean film industry and is widely present across LAC. For example, craft producers often do not know the cost structure of their products and fix their retail prices without any relation to costs; as result, sometimes prices are disproportional (either too high or too low) compared to the real value of the products. Moreover, very often educational institutions do not offer management

training, and there is a lack of educational programs aimed at developing cultural managers.

While management training may be lacking, educational and training programs aimed at developing technical and creative skills are quite adequate in the region. In fact, there are many good schools that offer training in the various sectors of cultural industries with good results. Interestingly, these successful cases are all driven by private initiatives, such as the Altos de Chavón School of Design in the Dominican Republic and, in Argentina, the University of Cinema and the Graphic School of the Gutenberg Foundation. For example, the Gutenberg Foundation is a private entity, funded mainly by firms, which provides technical training in graphics through courses, seminars, high school courses, college studies. According to some of the main actors involved in the project, the foundation provides a means to socialize the cost of training in the industry. The government provides a small contribution, the Federation

of Graphic Industries (FAIGA) contributes 20 percent of total resources, and individual firms also pay a fee; these three contributions cover about 80 percent of the total costs. Finally, students pay a monthly fee (US\$65/month) to make up the remaining 20 percent.²⁶ The fact that the school is almost completely financed by the private sector makes it particularly responsive to the needs of the industry. In

addition, students are able to find jobs very easily, and entrepreneurs are satisfied with their training and preparation. However, notwithstanding the adequacy of training in technical and creative skills, a good level of cultural and management education (at all grades) is key to recognizing the value and exploiting the potential of cultural industries in the region.

²⁶ At an exchange rate of 1 USD = 3.07 Argentine pesos as of 5/9/07.

ANNEX I. LIST OF LAC INSTITUTIONS RELATED TO CULTURAL INDUSTRIES

Country	Public Institutions	Private Institutions	Universities	Free Trade Agreements
Argentina	Secretaria de Cultura de la Presidencia de la Nación Subsecretaria de Industrias Culturales de la Ciudad de Buenos Aires Observatorio de Industrias Culturales de la Ciudad de Buenos Aires (under the Subsecretaria de IC) Secretaria de Medios de Comunicación de la Nación Fondo Nacional de las Artes Instituto Nacional de Cine y Artes Audiovisuales (INCAA)	Cámara Argentina de Productores Artísticos y Culturales (CAPAC) Sociedad General de Autores y Compositores (SADAIC) Sociedad General de Autores de la Argentina (ARGENTORES) Camara de Empresarios Culturales Cámara Argentina del Libro Sociedad Argentina de Musicos	Observatorio de Industrias Culturales de la Universidad de Buenos Aires Instituto Universitario Nacional de Arte (IUNA) Universidad del Cine	Mercosur member
Bahamas	Cultural Affairs Division, Ministry of Youth, Sports and Culture	National Cultural Foundation Bahamas Film and TV Commission Bimini Museum		Caricom member*
Barbados	Ministry of Education, Youth Affairs and Sports Government Information Service National Cultural Foundation (NCF) Corporate Affairs and Intellectual Property Office Culture Section – Prime Minister's Office	Barbados National Trust		Caricom member
Belize	Ministry of national Development, Investment and Culture Ministry of Tourism, Culture, Information and Broadcasting Institute of creative Arts Institute of Social and Cultural Research	Belize Arts Council	Lamanai Field Research Center	Caricom member
Bolivia	Ministerio de Educación, Cultura y Deportes Viceministerio de Cultura Comisión de Desarrollo Humano del Congreso Comité de Cultura	Sociedad Boliviana de Autores y Compositores de Música		Mercosur associate member

* It is a member of the Community but not of the Common Market.

Country	Public Institutions	Private Institutions	Universities	Free Trade Agreements
Brazil	Ministerio da Cultura Agência Nacional do Cinema – ANCINE Cinemateca Brasileira Centro Tecnico Audiovisual Funarte Fundação Nacional de Arte	Observatório Cultural de São Paulo Instituto Itau Cultural Instituto Pensarte FENAC - Federação Nacional da Cultura	Escola de Comunicação e Artes Universidade de São Paulo Fórum de Ciência e Cultura da Universidade Federal do Rio de Janeiro (UFRJ) CiberIDEA Coordenação Interdisciplinar de Estudos Culturais (UFRJ) Programa Avançado de Cultura Contemporânea - PACC/UFRJ Instituto de Estudos e Projetos em Comunicação e Cultura - INDECS Núcleo de Estudos da Cultura (NECOIM) Centro de Estudos Avançados Multidisciplinares (CEAM) Universidade de Brasília	Mercosur member
Chile	Consejo Nacional de la Cultura y las Artes Fondo de Desarrollo de las Artes y la Cultura (FONDART) Consejo Nacional de Television (CNTV)	Asociación de Cortometrajistas de Chile (ACORCH) Asociación de Directores y Guionistas de Chile (ADG) Asociación de Documentalistas de Chile (ADOC) Asociación de Productores de Cine y TV (APCT) Fundación Chilena de las Imágenes en Movimiento Sindicato de Actores de Chile (SIDARTE) Sindicato de Técnicos Cinematográficos (SINTECI) Sociedad de Autores Nacionales de Teatro, Cine y Audiovisuales, ATN Sociedad de Gestión de los Creadores de Imagen Fija, CREAMAGEN Sociedad Chilena del Derecho de Autor		Mercosur associate member
Colombia	Ministerio de Cultura Sistema Nacional de Información Cultural Colombia (SINIC) Grupo de Políticas Culturales y Asuntos Internacionales (Ministerio de la Cultura) Observatorio de Cultura Urbana del Instituto Distrital de Cultura y Turismo	Convenio Andres Bello British Council Colombia	Universidad Nacional de Colombia Facultad de Artes	Mercosur associate member
Costa Rica	Ministerio de Cultura, Juventud y Deportes Centro Nacional de la Cultura (CENAC)	INCORPORE Asociación EDUCARTE	Universidad Nacional Programa Identidad Cultural, Arte y Tecnología (ICAT)	DR-Cafta member

Country	Public Institutions	Private Institutions	Universities	Free Trade Agreements
Costa Rica		Asociación de Compositores y Autores Musicales, ACAM Cámara Costarricense del Libro Cámara Nacional de Radio, CANARA Asociación Costarricense de Profesionales de Turismo, ACOPROT Cámara Nacional de Turismo, CANATUR		
Dominican Republic	Secretaría de Estado de Cultura DINAC (Dirección Nacional de Cine) Oficina Nacional de Derecho de Autor Cinemateca Nacional CENADARTE ONAPI Comisión Permanente de la Feria del Libro		Escuela de Diseño Altos de Chavón	DR-Cafta member
Ecuador	Ministerio de Educación y Cultura Subsecretaría de Cultura de Ecuador Consejo Nacional de Cultura Sistema Nacional de Información Cultural (SINIC)	Sociedad de Autores y Compositores del Ecuador (SAYCE) Instituto Ecuatoriano de Propiedad Intelectual (IEPI)		Mercosur associate member
El Salvador	Consejo Nacional para la Cultura y el Arte (CONCULTURA) Dirección de Cultura del Ministerio de Relaciones Exteriores	Patronato Pro-Cultura de El Salvador Asociación Salvadoreña de Trabajadores del Arte y la Cultura ASTAC	Centro de investigación y documentación de las Artes – CEIDAR	DR-Cafta member
Guatemala	Ministerio de Cultura y Deportes Aporte para la Descentralización Cultural – ADESCA Editorial Cultura Radio Faro Cultural	Asociación Guatemalteca de Autores y Compositores (AGAYC) Casa de Artes Nojib'sa Casa Comal		DR-Cafta member
Guyana	Ministry of Culture, Youth and Sports National Trust of Guyana Guyana Government Information Agency Ministry of Amerindian Affairs	Guyana and Caribbean Political and Cultural Center for Popular Education		Caricom member
Haiti	Ministère de la Culture et de la Communication L'Institut de Sauvegarde du Patrimoine National	Fondation culture création	Fondation connaissance et liberté	Caricom member
Honduras	Secretaría de Estado en los Despachos de Cultura, Turismo y Deportes Asesoría de Asuntos Culturales Dirección General de Propiedad Intelectual de Honduras (DIGEPIH)	Asociación de Autores, Compositores, Intérpretes y Músicos de Honduras (AACIMH)		DR-Cafta member
Jamaica	Ministry of Education, Youth and Culture, Division of Culture Jamaica Cultural Development Commission (Under the Ministry of Local Government and	Jamaica National Building Society Foundation Bob Marley Foundation Recording Industry Association of Jamaica Limited (RIAJam)	The Edna Manley College of the Visual and Performing Arts (EMCVPA)	Caricom member

Country	Public Institutions	Private Institutions	Universities	Free Trade Agreements
Jamaica	Community Development) Things Jamaican (Under the Ministry of Industry, Commerce and Technology). Jamaican Intellectual Property Rights Office JAMPRO Trade and investment facilitation agency Jamaica Film Commission The Jamaica National Heritage Trust	Jamaica Culture Alliance Jamaican Artist Assistance Association Wassi Art		
Mexico	Consejo Nacional para la Cultura y las Artes (CONACULTA) Under the coordination of CONACULTA: SIC (Sistema de Informacion Cultural) Centro Nacional de las ARTES (CENART) Cineteca Nacional Istituto Mexicano de Cinematografia (IMCINE) Sistema Nacional De Fomento Musical Centro de Capacitación Cinematográfica Centro Nacional de las Artes Coordinación de Patrimonio Cultural y Turismo Educal Libros y Arte Fondo Nacional para la Cultura y las Artes Instituto Nacional de Bellas Artes Radio Educación	Fideicomiso para la Cultura México/EE.UU. Fundación Televisa, A.C. Sociedad General de Escritores de México (SOGEM) Sociedad Mexicana de Directores y Realizadores de Obras Audiovisuales Sociedad de Autores y Compositores de Música (SACM) Sociedad de Autores de Obras Visuales (SAOV) Sociedad Mexicana de Autores de las Artes Plásticas (SOMAAP) Sociedad Mexicana de Autores de Obras Fotográficas (SMAOF) Sociedad Mexicana de Coreógrafos (SOMECE) Sociedad Mexicana de Caricaturistas (SMC) Sociedad Mexicana de Historietistas (SOMEHI) Sociedad Mexicana de Fotógrafos Profesionales (SMFP) Asociación de Mujeres en el Cine y la Televisión, A.C. Asociación Nacional de Intérpretes (ANDI) Asociación Nacional de Actores (A.N.D.A.) Asociación Mexicana de Productores Independientes Asociación Mexicana de Gestores de Patrimonio Cultural (AMGPC) Asociación Nacional de Ciudades Mexicanas del Patrimonio Mundial Asociación de Libreros de México Academia Mexicana de Artes y Ciencias Cinematográficas Asociación Mexicana de Filmadoras (AMFI) Federación Mexicana de Cooperativas de Cine y Medios Audiovisuales Centro Mexicano de Protección y Fomento de los Derechos de Autor (CeMPRO) Cámara Nacional de la Industria Editorial Mexicana (CANIEM) Cámara Nacional de la Industria Cinematográfica (CANACINE) Cámara Nacional de la Industria de la Radio y Televisión (CIRT) Cámara Nacional de la Industria de las Artes Gráficas	Universidad nacional Autonomía de México UNAM Universidad Autónoma Metropolitana, México UAM	Nafta member Mercosur observer member

Country	Public Institutions	Private Institutions	Universities	Free Trade Agreements
Mexico		(CANAGRAG) Cámara Nacional de la Industria de Televisión por Cable (CANITEC) Comisión Nacional de Filmaciones		
Nicaragua	Ministerio de Educación, Cultura y Deporte Instituto Nicaragüense de Cultura within Consejo Nacional de Cultura Ministerio de Educación, Cultura y Deporte	Fundación Mejía Godoy Asociación de Cantautores Nicaragüenses Asociación de Promotores de Cultura Unión Nacional de Artistas Plásticos de Nicaragua (UNAP)		DR-Cafta member
Panama	Instituto Nacional de Cultura INAC (including Dirección del Patrimonio Histórico and Dirección Nacional de las Artes) El Portal del Estado Panameño Dirección municipal de Cultura y educación de Panamá Dirección General de Artesanías Nacionales de Panamá (Ministerio de Comercio e industrias de Panamá) Asociación Cultural Alterarte Consejo Nacional para la Cultura y las Artes (CONACULTA)	Asociación Nacional de Conciertos de Panamá Unión Nacional De Artistas de Panamá (UNAP) A.N.D.I.AP. Asociación Nacional de Intérpretes, Autores y Productores de Panamá Sociedad Panameña de Autores y Compositores		Member of Panama Trade Promotion Agreement whit US
Paraguay	Ministerio de Educación y Cultura Viceministerio de Cultura Servicio de Promoción Artesanal (Ministerio de Industria y Comercio) Fondo Nacional para la Cultura y las Artes (FONDEC)	Fundación Cinemateca y Archivo Visual del Paraguay Fundación Arlequín Teatro Autores Paraguayos Asociados (APA)		Mercosur member
Peru	Instituto Nacional de Cultura (INC) Ministerio de Educación Unidad de Promoción Escolar de Cultura y Deporte Consejo Nacional de Danza del Perú Consejo Nacional de Cine del Perú- CONACINE Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual del Perú (INDECOPI)	Asociación Peruana de Autores Y Compositores (APDAYC) Asociación Peruana de Artistas Visuales (APSAV) Sociedad Peruana de Directores y Productores Cinematográficos Asociación de Cineastas del Perú Cámara Peruana del Libro Centro de Estudios, Investigación y Difusión de la Música Latinoamericana (PUCP)	Instituto de Investigación Universidad de San Martín de Porres Centro de Etnomusicología Andina del Instituto Riva Agüero	Mercosur associate member
Suriname	Ministry of Education and Community Development Heritage Suriname		Academy of Arts and Culture	Caricom member
Trinidad and Tobago	Ministry of Community Development, Culture and Gender Affairs Office of the Prime Minister Sports and Culture Fund	Who's Who in Trinidad and Tobago Trinidad Arts Society National Drama Association of Trinidad and Tobago	University of West Indies at St. Augustine, TnT Center for Carnival and Festival Arts Institute of Caribbean Studies	Caricom member

Country	Public Institutions	Private Institutions	Universities	Free Trade Agreements
Trinidad and Tobago			Institute of International Relations Department of Liberal Arts Trinidad and Tobago Cultural Association of the University of Miami	
Uruguay	Ministerio de Educación y Cultura Dirección de Cultura Comisión del Patrimonio Cultural de la Nación de Uruguay Departamento de Artes Plásticas, Letras, Música, Teatro Sistema Nacional de Información Cultural, Científica y Tecnológica Academia Nacional De Artes (MEC) SODRE: Servicio Oficial de Difusión, Radiotelevisión y Espectáculos	Fundación Punta del Este Asociación de Autores del Uruguay (AGADU) Asociación de Productores y Realizadores de Cine y Video de Uruguay Sociedad Uruguaya de Actores Sociedad Uruguay de Artistas Interpretes (SUDEI)	Programa de Políticas Culturales Centro de Estudios Interdisciplinarios Latinoamericanos (CEIL) Universidad de la República	Mercosur member
Venezuela	Ministerio de Educación, Cultura y Deportes Dirección General Sectorial de Museos y Artes Visuales Consejo Nacional de la Cultura Sistema nacional de Información Cultural (SINDAIC)	Centro Internacional de Investigaciones Museológicas y del Patrimonio Cultural FUNDEF: Fundación de Etnomusicología y Folklore (within Instituto Venezolano de Investigaciones Científicas y sobre la tutela del CONAC) Fundación para la cultura urbana Fundavisual Latina Sociedad de Autores y Compositores de Venezuela (SACVEN)	Universidad Nacional Experimental Francisco de Miranda Museology (museum studies) faculty	Mercosur member

ANNEX II. IDB PROJECTS RELATED TO SECTORS OF CULTURAL INDUSTRIES: 1997 -2007

Country	Project Name	Year	Project Number	Fund	Department	Sector
Regional Support	Local Development and Cultural Industries	2006	RS-T1226	Italian Cultural Heritage & S Dev.	SDS	Urban Development and Housing
	Sustainable Tourism Cluster as a Development Strategy	2006	RG-T1228	Spanish Framework General Fund		Urban Development and Housing
	Local Development: Policies and Interventions from the Italian Experience	2002	TC0210030	Italian Individual Consultant Fund		Urban Development and Housing
	Mundo Maya Program	2003	TC0212036	Japanese Special Fund	RE2	Tourism
		2001	TC0110048	Korea Fund Technical Cooperation	RE2	Tourism
	Development Tourism of Jesuit Missions	2001	TC0106032	Spanish Fund for Consultants (ICEX)	RE1	Tourism
Argentina	Consolidation of Wine Tourism	2006	AR-M1018	MIF-Small Enterprise Dev. Facility	MIF	Tourism
	Support Integrated Development Tourism Sector in Salta Province	2003	AR0292	Ordinary Capital	RE1	Tourism
Belize	Archeological Tourism Sector	2003	TC0303030	Fund for Special Operations	RE2	Tourism
		2002	TC0208019	Fund for Special Operations	RE2	Tourism
	Archeological Facilities Design Support	2000	TC0009017	Swiss Fund Consultants & Training	RE2	Tourism
Bolivia	Masterplan for Museums in La Paz	2006	BO-T1051	Fund for Belgian Consultants	Representation Bolivia	Urban Development and Housing
	Jesuit Missions in the Chiquitania	2006	BO-M1022	MIF-Small Enterprise Dev. Facility	MIF	Tourism
	Improvements to the Cultural Center of the San Francisco Convent	2005	BO-T1032	Italian Cultural Heritage & S Dev.	Representation Bolivia	Urban Development and Housing
	Revitalization and Urban Dev. of La Paz	2004	BO0216	Fund for Special Operations	RE1	Urban Development and Housing
		2002	BO0218	Fund for Special Operations	RE1	Urban Development and Housing
		2002	TC0210059	Fund for Special Operations		Urban Development and Housing
	Sustainable Tourism Development Program	2002	BO0174	Fund for Special Operations	RE1	Tourism
Brazil	PROCIDADES	2006	BR-T1042	French Human Resources Contribution	RE1	Urban Development and Housing
		2005	BR-T1019	French Fund for Consulting Serv	RE1	Urban Development and Housing
		2004	BR-T1020	Portuguese Tech. Cooperation Fund	RE1	Urban Development and Housing
	Socio-cultural Restoration in the Historic "Gloria" Neighborhood	2005	BR-T1017	Portuguese Tech. Cooperation Fund	SDS	Urban Development and Housing

Country	Project Name	Year	Project Number	Fund	Department	Sector
Brazil	Downtown São Paulo Rehabilitation Procentro	2003	BR0391	Ordinary Capital	RE1	Urban Development and Housing
	Pará Urban Development	2002	BR0357	Ordinary Capital	RE1	Urban Development and Housing
		2002	BR0374	Ordinary Capital		Urban Development and Housing
	Preservation Historical, Cultural Sites	1999	BR0261	Ordinary Capital		Urban Development and Housing
	Preservation Historical & Cultural Sites	1998	TC9712581	EEC Fund Technical Cooperation	RE1	Urban Development and Housing
	Program of Culture and Tourism Integration in Bahia	2006	BR-T1038	Italian Cultural Heritage & S Dev.	RE1/SDS	Tourism
	Strategic Plan Tourism Development State Minas Gerais	2002	TC0112001	Portuguese Tech. Cooperation Fund	RE1	Tourism
Chile	Audiovisual Industries in Chile: Development Opportunity for Valparaiso	2007	CH-T1041	Italian Fund	MIF	Private Sector Development
	Program for the Promotion of Tourism in Chile	2007	CH-T1034	Spanish Framework General Fund	RE1	Tourism
	Community Based Tourism Development- Chiloé and Palena	2003	CH0172	Ordinary Capital	RE1	Tourism
	Urban Renewal and Development Valparaiso	2005	CH-L1004	Ordinary Capital		Urban Development and Housing
		2004	CH-L1010	Ordinary Capital		Urban Development and Housing
	Support for audiovisual industry: Articulation of prod chain & commercialization	2007	CH-M1020	MIF-Small Enterprise Dev. Facility	MIF	Private Sector Development
Colombia	Revitalization of Downtown Area of Bogotá	2005	CO-T1023	Italian Cultural Heritage & S Dev.	RE3/SDS	Urban Development and Housing
		2003	TC0301025	Spanish Framework General Fund	RE3/SDS	Urban Development and Housing
	Historic Centers Recovery	2001	TC0011049	Italian Firms and Spec.Inst.Fund		Urban Development and Housing
	Rehabilitation Historic Centers	2001	TC0105030	Spanish Fund for Consultants (ICEX)	RE3/SDS	Urban Development and Housing
	Renewal Manizales City & Creat.metropol.	1998	TC9802225	Japanese Trust Fund Consultancy	RE3/SDS	Urban Development and Housing
Costa Rica	Support for Heritage Preservation and Urban Development Project	2006	CR-T1016	Spanish Framework General Fund	RE2	Urban Development and Housing
Dominican Republic	Revitaliz.ciudad Colonial Sto. Domingo	1999	TC9902027	Spanish Fund for Consultants (ICEX)	SDS	Urban Development and Housing
	Master Plan Colonial City Santo Domingo	2001	TC0105008	Fund for Special Operations	RE2/SDS	Urban Development and Housing
Ecuador	Experience on Rehabilitation of Urban Areas	2003	EC-T1003	Fund for Special Operations	RE3	Urban Development and Housing
	Rehabilitation Historical Downtown Area of Quito	2004	TC0301023	Italian Cultural Heritage & S Dev.	RE3	Urban Development and Housing
	Rehabilitation of Historical Downtown Quito, Second Stage	2005	EC-L1006	Ordinary Capital	RE3	Urban Development and Housing

Country	Project Name	Year	Project Number	Fund	Department	Sector
Ecuador	Cuenca. Renewal of Downtown Areas and Land Management	2006	EC-L1021	Ordinary Capital		Urban Development and Housing
		2005	EC-T1040	Italian Cultural Heritage & S Dev.	RE3	Urban Development and Housing
	Sustainable Productive Sector Development in Galapagos	2005	EC-M1010	MIF-Small Enterprise Dev. Facility	MIF	Tourism
	Local Participation Galapagos Tourism	2001	TC9902016	MIF-Human Resource Facility	MIF	Tourism
El Salvador	Support for Urban Planning in the Metropolitan Area of San Salvador	2003	TC0301025	Swedish Fund Services & Training		Urban Development and Housing
Guatemala	Rehabilitation Historical Downtown Area Guatemala City	2004	GU-T1016	Fund for Special Operations		Urban Development and Housing
	Competitive Development of Cultural Tourism with Indigenous Communities	2005	GU-M1005	MIF-Small Enterprise Dev. Facility		Tourism
Guyana						
Haiti	Urban Rehabilitation Program	2005	HA-T1022	Fund for Special Operations		Urban Development and Housing
		2005	HA-L1002	Fund for Special Operations		Urban Development and Housing
		2004	HA-T1013	Fund for Special Operations		Urban Development and Housing
		1999	TC9712490	Fund for Special Operations		Urban Development and Housing
Honduras	Municipal Development Program Tegucigalpa for the Central District	2004	HO-L1001	Fund for Special Operations		Urban Development and Housing
México	Tourism Development for MSMEs in the Tequila Region	2006	ME-M1016	MIF-Small Enterprise Dev. Facility	MIF	Tourism
Panama	Economic Revitalization Panama Old City Center	2002	TC0112029	French Human Resources Contribution		Urban Development and Housing
	Restoration Neighborhood of San Felipe	1999	TC9711385	Swedish Fund Services & Training		Tourism
Paraguay	Promotion of Tourism to the Missions in the Guaraní World	2006	PR-M1008			Tourism
Peru	Developing the Northeastern Tourist Circuit to Enhance MSME Competitiveness	2004	PE-M1009	MIF-Small Enterprise Dev. Facility	MIF	Tourism
	Rehabilitation of Lima's Downtown	2000	TC0103041	Spanish Fund for Consultants (ICEX)	RE3	Urban Development and Housing
	Promotion Tourism Program in Peru	1998	TC9810278	French Fund for Consulting Serv.		Tourism
Suriname	Urban Development Plan in Paramaribo	2004	TC0306019	French Caribbean Contribution		Urban Development and Housing
Uruguay	Urban Recovery Program	1998	UR0112	Ordinary Capital		Urban Development and Housing
Venezuela	Urban Rehabilitation and Development of Caracas City	2006	VE-T1006	Fund for Special Operations		Urban Development and Housing
	PEF:VE-L1017 Support to the Social Action Center for the Music, Phase II	2006	VE-L1018	Ordinary Capital		Social Investment
	Support to the Action Social Center of Music Phase I	1997	VE0105	Ordinary Capital		Social Investment

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