



Supporting the creative economy for sustainable development in Southeast Asia

Pitchaya Sirivunnabood*

Herlyn Gail A. Alegre**

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The creative economy has the potential to not only strengthen the expansion of global value chains, increase digital adoption among creative small and medium-sized enterprises (SMEs), fuel the export of cultural goods and creative services, and foster ownership through local engagement, but also contribute to the overarching goal of sustainable development.

Many efforts have been made in Southeast Asia to support creative industries and boost the creative economy, realizing the ability of knowledge-based economic activities to foster income generation, job creation, and export earnings while promoting social inclusion, cultural diversity, and human development (UNCTAD 2010: 10). The creative economy has the potential to not only strengthen the expansion of global value chains, increase digital adoption among creative small and medium-sized enterprises (SMEs), fuel the export of cultural goods and creative services, and foster ownership through local engagement, but also contribute to the overarching goal of sustainable development. The global market for creative goods increased considerably from \$436 billion in 2002 to \$964 billion in 2015 (UNCTAD 2021).

In line with this global trend, countries in Southeast Asia have demonstrated a rise in creative trade in the past decade. Countries like Indonesia, Malaysia, the Philippines, Singapore, and

* Capacity Building and Training Economist at ADBI

** Capacity building and training associate at ADBI.

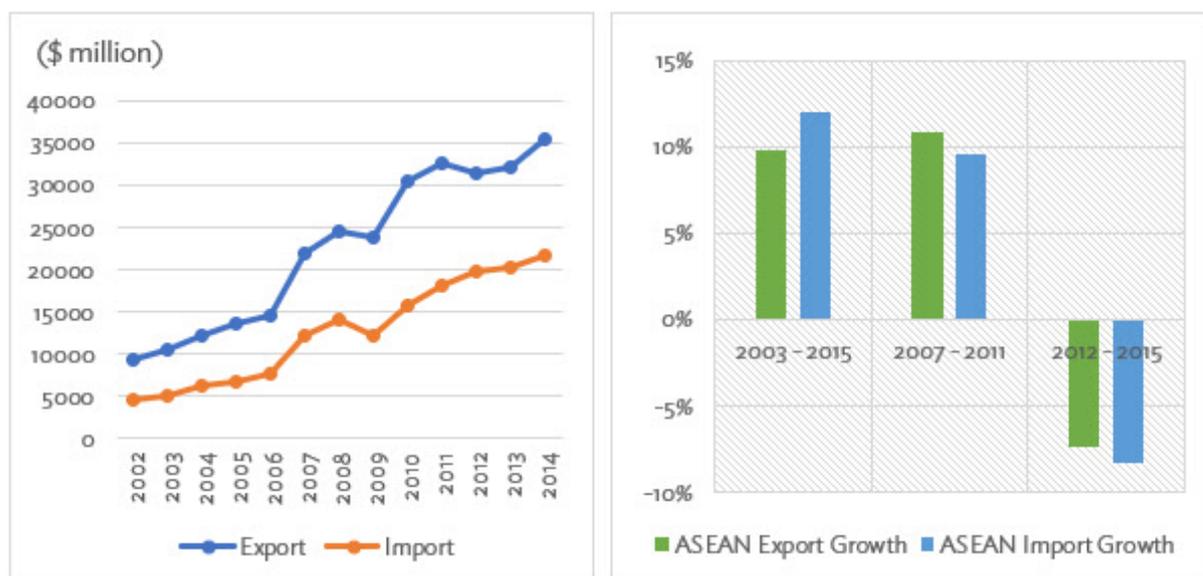
Thailand have been increasingly promoting trade in creative goods and services. Singapore, for example, is currently the world’s 10th largest exporter of creative goods, generating \$743 billion in profits (UNCTAD 2018) and creating 12.7 million jobs (UNSECO 2015). Meanwhile, Indonesia reached a growth rate of almost 30% for its exports of creative goods during the period 2012–2015. The country has also contributed to changing the landscape for the creative economy in Southeast Asia as a strong advocate and the main sponsor of the proposal to designate 2021 as the UN International Year of Creative Economy for Sustainable Development. To strengthen creative industries, Thailand reestablished the Creative Economy Agency (CEA) in 2018 to foster collaboration and lead the direction of the industries. Additionally, under the Philippine Creative Industries Act filed at the House of Representatives, a Creative Industries Council was established to drive the Development Plan for Recovery and Growth of the Creative Industries in the country.

While the creative economy has offered a large potential for socioeconomic growth, the coronavirus disease (COVID-19) pandemic has hindered the industry’s progress and resulted in a loss of income and livelihoods. Comprehensive policy responses for the creative economy need to be in place to assist in its recovery and assure its resilience and sustainability, both in normal and unprecedented circumstances.

The creative economy in Southeast Asia

Creative trade in the Association of Southeast Asian Nations (ASEAN) countries has shown positive trends for both export and import values since 2003. However, the growth of creative trade declined during 2012–2015. A decrease in exports was evident in Malaysia and Thailand, while a decrease in imports was evident in Indonesia, Malaysia, Singapore, and Thailand.

Figure 1: Value and Growth of Creative Goods Exports and Imports in ASEAN



Note: Data are unavailable for some countries in 2015.
 Source: UNTADStat (accessed 25 August 2021).

According to UNCTAD’s statistical breakdowns, exports of creative goods in Southeast Asia have mainly depended on the design sector. Singapore contributes the largest proportion, and this has caused an unbalanced development of the industry in the region among the neighboring countries (Sioson and Korwatanasakul 2021). To understand the creative-economy landscape in Southeast Asia in more in detail, we describe the best practices of selected ASEAN countries

(namely Indonesia, Singapore, Thailand, and the Philippines) to extract policy recommendations for addressing the challenges in the region.

Entrepreneurs in Indonesia have been progressively engaged in creative economy initiatives for sustainable development in recent years through the adoption of digital platforms and other digital tools to connect their culture with broader audiences. For example, videos of the famous Indonesian singer and YouTuber, Rainych Ranbecame, became viral in Japan and elsewhere, showing that the “directional flow of the cultural goods has diversified from source to consumer countries all around the ASEAN region” (Nakajima 2021: 6). Changes in the digital landscape, such as the emergence of new Internet media technologies and the prevalence of the use of social media and networking sites, can be adopted by the younger generation throughout the world to facilitate the delivery of their creative products. Such multidirectional flows can help to not only promote the soft power of a country but also heighten cultural diversity (Nakajima 2021).

Singapore, as a leader of the creative economy in the region, has developed a robust climate for creative businesses and entrepreneurship. To foster an environment where creative industries can flourish, Singapore has concentrated its efforts on creating “a cohesive and welcoming multi-cultural society; strong intellectual property laws to protect ideas” (Wee 2021). Strong collaboration among networks of creative agencies has created multiple events, such as the Design Week, Writers’ Festival, and International Festival of Arts. Singapore also nurtures creative talents by opening opportunities to expose students of all levels to arts, design, digital, and media in cooperation with the Ministry of Education (Wee 2021).

To drive the growth of the creative economy in Thailand, the CEA has established the Thailand Creative District Network to connect the public and private sectors with civil society to promote creative environments for the industry. The CEA also facilitates the application of UNESCO Creative Cities for Bangkok and Sukhothai, has organized Bangkok’s Design Week since 2018, and has established the CEA Online Academy offering online creative courses for capacity building and the CEA Vaccine for SME consultation (CEA 2021).

The Philippines’ creative economy has continued to grow, with the industry comprising 6.5%–7 % of the country’s GDP in terms of the copyright-based formal sector and reproducing \$3.2 billion in creative services, comprised mainly of software and IT services, animation, game development, digital marketing, and design services, making it number 1 in the ASEAN region. Despite this success, there is no creative economy center or government agency in the Philippines yet. A huge segment of the industry relies on freelancers, who are estimated to number around 2–4 times as many as those in the formal sector but are unaccounted for in official statistics, making it more difficult to assist them during the COVID-19 pandemic (Mercado 2021).

Although the creative economy has much potential, challenges remain, especially due to the lack of appropriate policies to support the industries. Insufficient financing and financial sustainability and a lack of standard valuation for creative work could stagnate its growth (Sioson and Korwatanasakul 2021). For example, Thailand faces the challenges of a lack of understanding of the meaning of creative industries and rapid changes in the digital landscape (Punpeng 2021), while the Philippines would need a centralized government agency to create a policy roadmap for creative industries (Mercado 2021).

Amid these challenges, COVID-19 has significantly affected creative industries worldwide. Although there are no data available on its impact on the industries in Southeast Asia yet, UNESCO (2011) has estimated an overall contraction of \$750 billion in gross value added by cultural and creative industries worldwide in 2020. Losses in revenue in these industries in 2020 could be in the range of 20%–40% across different economies, possibly resulting in 10 million job losses for creative workers globally, especially freelancers. The Philippines' creative industries, for example, could be affected severely due to the country's significant reliance on creative freelancers. Given the ongoing COVID-19 pandemic, a comprehensive policy framework for the creative economy must be developed to support the people and the economy to thrive and recover in the post-pandemic era.

Policy recommendations

Fostering the creative economy in the Fourth Industrial Revolution amid the COVID-19 pandemic is a true challenge for countries around the world, not just Southeast Asia. We suggest the following three major socioeconomic factors for consideration when designing comprehensive policy frameworks or a roadmap for the development of the creative economy.

First, digitalization can be adopted by (i) supporting technological innovation via financial support and the facilitation of R&D investment, (ii) strengthening ICT infrastructure for digital readiness, and (iii) facilitating digital transformation in all related sectors, areas, and groups of people. For example, creative entrepreneurs could tap on the proliferation of electronic-commerce (e-commerce) and mobile-commerce (m-commerce) sites in Southeast Asia to reach their markets and keep the economy alive despite the COVID-19 restrictions (Sioson and Korwartanasakul 2021). When disruptions affect creative market demand and the market capacity to supply this demand, such as in the Philippines, digital platforms can help to improve the demand for services and their delivery mechanism and find alternative markets, models, and revenue sources (Mercado 2021).

Second, although technology is being maximized, it is important to nurture creative talents, which cannot be replaced by automation, to avoid extreme job losses. This can be achieved through (i) educational reforms to equip people with digital technologies and to upgrade the skills necessary in these changing times, (ii) conducting capacity building initiatives for SMEs to support them in niche markets and national branding, and (iii) establishing mechanisms to protect intellectual property rights. Taking Singapore as an example, modernized technology is not enough, but “building a strong talent pipeline in new skills... creating platforms for rapid prototyping and experimentation amongst creatives, technologists and business” should intersect with technological advancement (Wee 2021). The development and enforcement of international property rights laws and regulations will encourage more ideas for creative products and services.

Lastly, partnerships and networks for knowledge creation and cultural exchanges are essential for boosting creative industries and the production of cultural goods and creative services. These partnerships promote the recognition of cultural diversity and networks of national branding—thus, leading to an increase in demand for creative products. The partnerships and networks can be established at the international level (among countries) and the domestic level (e.g., city partnerships). Clustering or fostering city partnerships could assist in the technological shift to digitalization, nurturing creative talents, and establishing an environment where creative workers in both the formal and informal sectors can thrive, thus, potentially contributing to the overarching goal of sustainable development.

Additionally, immediate attention should be paid to the post-COVID19 strategies for the recovery of creative industries and the economy. Due to the lockdowns and social-distancing restrictions, the adoption of digitalization is necessary to continue economic transactions. The use of digital platforms and e-commerce can facilitate market expansion and reinforce connections for creative industries. Besides bridging people and markets, digitalization is an essential part of developing creative products and services and innovating new ideas and the approaches for delivering them with product variety. Moreover, financial support, e.g., subsidy campaigns and long-term loan programs with preferable interest rates, must be offered to SMEs and creative entrepreneurs affected by the COVID-19 pandemic to maintain business liquidity.

Consequently, the creative industries have increasingly played an important role in boosting economic growth for sustainable development. To support and promote economic activities in these industries, Southeast Asian countries will need to develop and design comprehensive and inclusive policy frameworks, taking into account cultural diversity and digital advancement.

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