

## Bold Inclusive Reforms for Creative Industries for the Next Decade

When the Joint Foreign Chambers (JFC) launched *Arangkada* in 2010 and focused – among others – on 7 Big Winner Sectors, Creative Industries was seen as one of the sectors that has great potential:

“Filipinos enjoy a well-deserved international reputation for creativity. Filipino musicians and singers have long been global troubadours and in recent years are entertaining luxury cruise passengers and appearing on stage in West End and Broadway musicals. Filipino designers and crafts persons have helped the country to be known as the “Milan of Asia” in designer circles” (*Arangkada Philippines 2010: A Business Perspective*, p. 91).

### Growth in the Philippine Creative Industries (2002 to 2010)

A 2013 study conducted by Cesar Tolentino (“Value of the Philippine Creative Industries”) showed that the 2009 value of the Philippine Creative Industries<sup>1</sup> was estimated at US\$7.9 billion, contributing roughly 4.9% of the GDP at that time. The same study projected that exports from Creative Industries, which accounted for 8% of the US\$7.9 billion in industry value (or roughly US\$620 million) for the year 2009, were projected to reach US\$12 billion by 2012. This reflected a 211% CAGR (Compounded Annual Growth Rate) from 2002 to 2012. The most significant driver of this growth was in the export of creative products and services. Another study by IPOPHL in its WIPO Report 2015 showed even higher contributors of copyright based industries to the Philippine economy (see figure).

### Philippine Creative Industries as a Driver of Employment

The UNESCO Creative Economy Report in 2010 cited that the Philippine Creative Industries contributed to more than 11% of total employment in 2009, or roughly equivalent to a 4 million person workforce in Creative Industries. The Philippine Creative Industries are demonstrating an ability to drive up employment in the country.

### Projections into the future

It can be extrapolated - using trends that were noted for the period 2008 to 2010 - that the Philippine Creative Industries could potentially reach US\$ 11 billion in rev- by the end of 2016. At the same time, employment in the sector could reach nearly 5.7 million. With these figures, the sector can be the next sunrise industry in

### Copyright Based Industries (CBIs) contribute significantly to national economies (WIPO 2014)



In 2010, CBIs contributed **Php661.23 billion** to the Philippine economy



Total contribution to 2010 PH GDP was estimated at **7.34%**



Total contribution to 2010 Labor Force was **14.14%**



Philippines, along with Mexico, have by far the **highest percentage of employment** in copyright industries

terms of performance – with performance that is next to that of the Philippine BPO industry, which is projected to reach US\$25 Million in revenues by end 2016, and an employment of about 1.3 Million.<sup>2</sup> And no less than Filipino technopreneur Winston Damarillo recognizes this potential of the Philippine Creative Industry to attain a sustainable thrust for growth – becoming the next evolutionary step after IT and BPO.<sup>3</sup>

## **Government response/Congress created R.A. 10557**

### **AN ACT PROMOTING AND STRENGTHENING FILIPINO DESIGN, PROVIDING FOR THE PURPOSE A NATIONAL DESIGN POLICY AND RENAMING THE PRODUCT DEVELOPMENT AND DESIGN CENTER OF THE PHILIPPINES INTO THE DESIGN CENTER OF THE PHILIPPINES AND FOR OTHER PURPOSES**

The Philippine Design Competitiveness Act is intended to create the policy framework and define the government side of the collaborative ecosystem:

1. As mentioned in Section 4 of the Act under “National Design Policy” such a policy framework includes the components of Design Awareness, Design Integration, Design for Development, and Design and Innovation.
2. The Act further states that the government-side collaborative ecosystem is to be composed of a re-engineered Design Center of the Philippines.
3. The Design Advisory Council (which is defined as a government-private sector policy advisory council), and linkages with the Educational System.

The law was signed by President Aquino in 2013 and the IRRs were finally approved in late 2015. The implementation of the law is in the hands of the Design Center of the Philippines, an agency under the DTI. The Design Center is in the final stage of creating the Design

Advisory Council, which is composed of government, the academe and the private sector. It is trusted that President Aquino will appoint the Council within the next few weeks so that the full implementation of the law can be done.

## **The way forward:**

**1. The industry has to unite** and formally create an association as a legal entity – a possible name could be “Creative Industries Initiative Inc.”

**2. The industry will have a variety of sub-sectors**, one of which is “Design Fiesta.”

Under the Design Fiesta, the following organizations are already united:

- a. Animation Council of the Philippines
- b. Game Developers Association of the Philippines
- c. Illustrations / Comics Sector
- d. Fashion Design Sector

Other subsectors to be invited should be:

- Digital content development
- Advertising
- Web design / development
- Apps development
- Architecture / industrial design

**3. The industry** will have to sit down with the leadership of DTI / Design Center to implement R.A. 10557 and make the funding available.

**4. Formulation of the strategy / producing a national Roadmap.** This is a task of the private sector groups; hopefully undertaken in a collaborative ecosystem created by all subsectors of Creative Industries, with the assistance of iBPAP (for outsourcing) and the Design-Fiesta group (for original work and co-productions).

**5. Implement the Roadmap**, will take place after it has been “adopted” by the DTI.

1. “Creative industries” are defined by the United Nations Conference on Trade and Development (UNCTAD) as ‘the cycle of reaction, production and distribution of goods and services that use intellectual property as their primary input.’ Such a definition encompasses ‘folk art, festivals, music, books, paintings and performing arts to more technology-intensive subsectors such as the film industry, broadcasting, digital animation and video games, and more service-oriented fields such as architectural and advertising services.’ This definition has been adopted by the World Trade Organization (WTO) and its trade advisory body, the International Trade Centre (ITC).

2. BPO Roadmap 2016, BPAP. 2015 update.

3. “The Case For a Creative Economy for the Philippines,” Winston Damarillo. Inquirer.net, 19 May 2014.