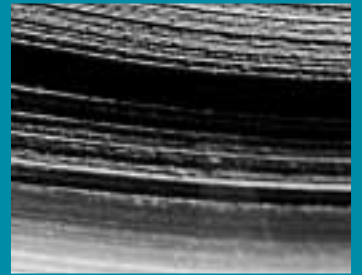
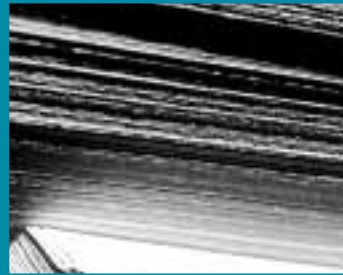
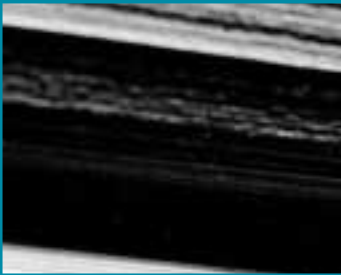
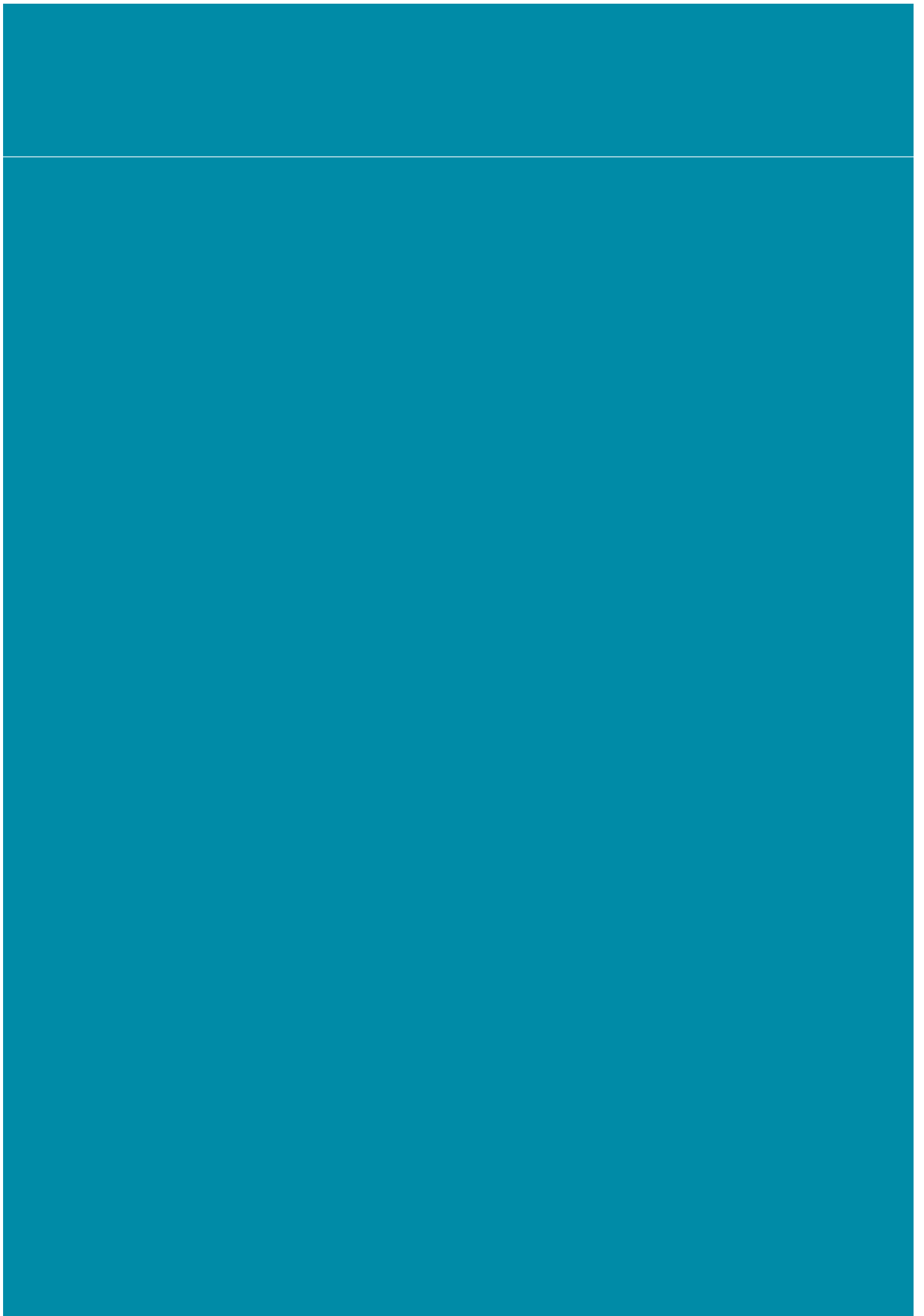


# *creative industries exports: our hidden potential*

Prepared by the Creative Industries Export Promotion Advisory Group (CIEPAG)





# *creative industries exports: our hidden potential*

Prepared by the Creative Industries Export Promotion Advisory Group (CIEPAG)

*“The role of creative enterprise and cultural contribution to a modern world is a key economic issue... these creative areas are surely where many of the jobs and much of the wealth of the next century are going to come from.”*

*Chris Smith: Creative Britain (c1998)*

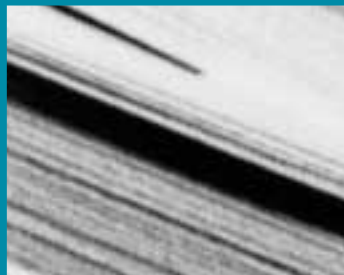
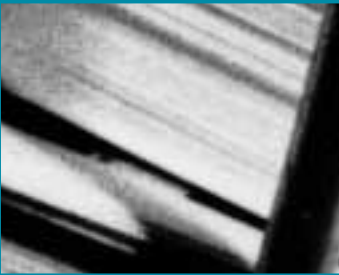
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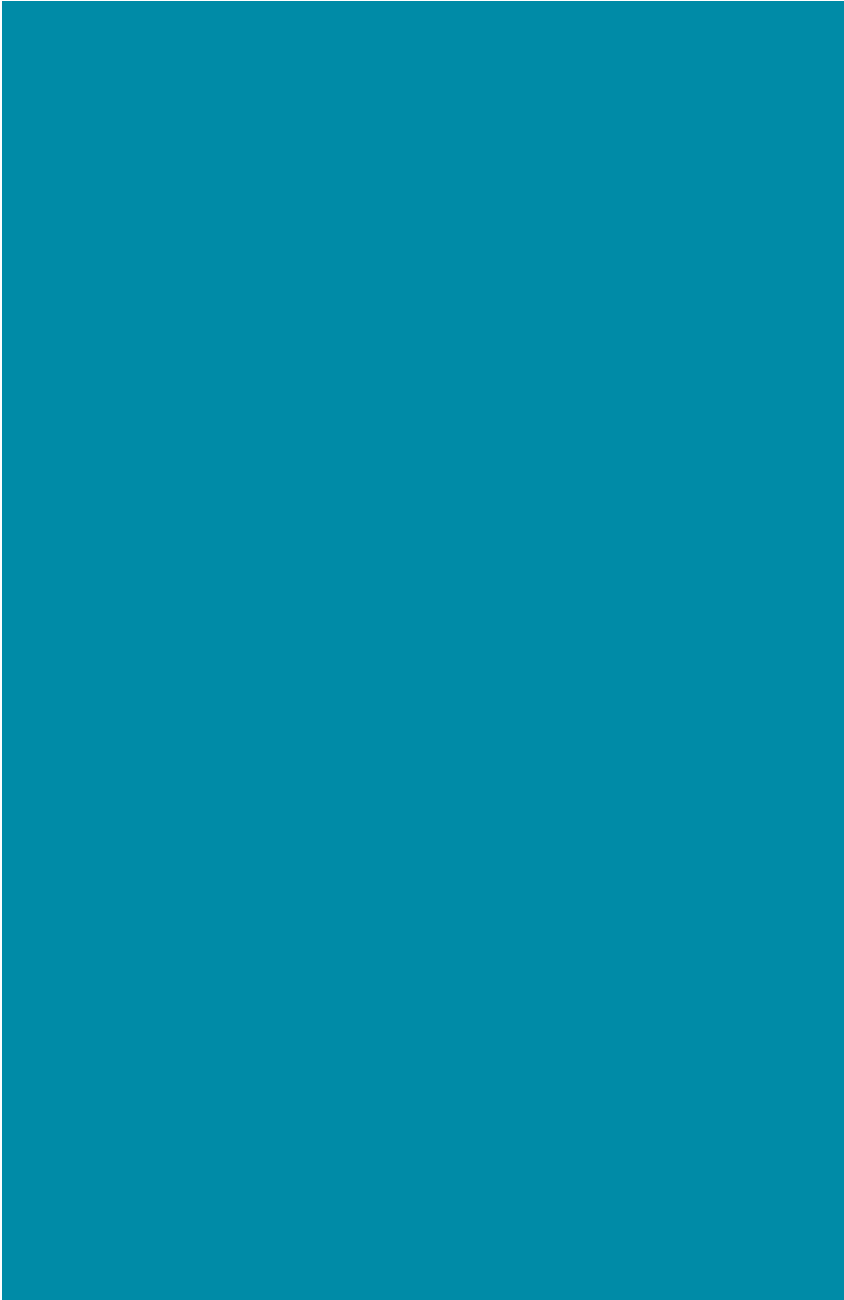
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# Chapter 1

CREATIVE INDUSTRIES EXPORT PROMOTION ADVISORY GROUP (CIEPAG)





## CIEPAG's Task

- 1.1 The creative industries contribute some £8 billion annually to the UK's export earnings (*Creative Industries Mapping Document, November 1998*). However, by encouraging those industries to maintain their reputation for excellence, by creating a greater awareness of the potential in other markets, and by ensuring that Government support is targeted strategically to provide effective support, we believe that figure can be so much greater.
- 1.2 The future growth of the UK's economy depends increasingly on our strengths in creativity, innovation and ideas, areas in which the UK has a long track record of achievement. This was recognised by the establishment in 1997 of the Creative Industries Task Force, which seeks to maximise the potential of these industries. The Government's Competitiveness White Paper, December 1998, focused on the 'knowledge economy' as the source of Britain's future prosperity. It stressed the importance of the knowledge and creative industries operating with optimum international competitiveness to maintain and expand our position as a world leader.
- 1.3 At a time when new governmental bodies have just been formed (for example, British Trade International and the proposed Small Business Service), there is a 'window of opportunity' to influence their thinking and the structures which emerge. This Paper sets out how Government and the creative industries can work together to ensure we address the challenge and ensure future prosperity.

## Critical Success Factors

- 1.4 CIEPAG's work has highlighted the following critical success factors:

**Partnership:** the recent creative industries mission to China highlighted the benefits of a joint Government/business approach, particularly in newer or more difficult markets. This joined-up approach has real benefits, but with the creative industries there is an additional element – namely the cultural dimension. In China, this was particularly effective not only in terms of selling a positive image of UK creativity, but also in providing access to senior Government figures. We believe future missions should seek to maximise the benefits these three aspects can bring to one package.

**Structures:** the recent formation of British Trade International is a welcome development in bringing together the export promotion activities of the Foreign and Commonwealth Office and the Department for Trade and Industry. We need to engage with British Trade International, to ensure it is aware of the important contribution the creative industries can make to the UK's export efforts and more generally in creating a positive image of the UK, and to agree how best to work together.

**Co-ordination:** we welcome recent efforts by British Trade International to identify key markets and sectors, and wish to build on this. We believe efforts need to be geared to ensure a strategic approach, and the development of a progressive proactive approach to targeting overseas markets. This should help in the allocation of resources which support trade missions by sponsoring bodies, and demonstrate where the efforts of the British Council add real value to the process. We believe there is a role for CIEPAG to play in informing the priority markets exercise and in advising on bids for funding creative industry missions.

**Information:** we believe there is a need to ensure effective information management in the export promotion field, and for effective cross-referrals to sources of information. In an information-driven world, more and more frequently this will involve electronic formats, and we need to consider how to make optimum use of these.

The future strength of and opportunities for the creative industries could also be strongly stimulated by a successful new World Trade Organisation (WTO) GATT (Government Agreement on Tariffs and Trade) Round, anticipated to commence following the ministerial conference of WTO scheduled to take place in Seattle from 30 November to 3 December 1999.

In particular, it is to be hoped that a new agreement on Services (Government Agreement on Trade Services – GATS), likely to include digital content supplied over the Internet, would overcome many of the trading barriers now experienced by the creative industries, and which are important to their growth – particularly in view of the intense international competition with the USA, the UK's principal competitor for creative industry markets. These include, on the part of various trading 'partners', reluctance to import creative materials in competition with national products, commercial rejection of supplies from other countries priced in other currencies, prohibition of foreign ownership of cultural industries, prohibition of joint ventures on cultural matters with foreign concerns, restrictions on vertically integrated foreign enterprises, weak enforcement of foreign copyrights, low or nil royalties for public performance rights, discriminatory patent systems. The negotiations on bringing e-commerce into the same multilateral trading environment as 'physical' trade will also be of immense significance to industries which anticipate that, in the future, a substantial proportion of their output will be traded through digital networks.

## Creative Industries Task Force

- 1.5 The Creative Industries Task Force, chaired by Chris Smith MP, Secretary of State for Culture, Media and Sport, brings together leading figures from the creative industries with Ministers and officials from Government Departments to consider what action is needed to support sustainable growth in the creative industries. The Task Force's remit is **'To recommend steps to maximise the economic impact of the UK creative industries at home and abroad'**.
- 1.6 The creative industries generate revenues approaching £60 billion a year (of which some £8 billion comes from exports); contribute over 4% to gross domestic product; employ around 1.4 million people directly and indirectly; and enjoy employment growth at about 5% per annum, twice the national average. Throughout the world there is growing demand for cultural goods and services. The internationalisation of the market place creates many opportunities. Britain's cultural heritage, its tradition of innovation and creativity, and its global cultural connections places it in a strong position to tap the economic and employment potential of new markets. The creative industries is a term used to cover a wide variety of businesses. On the one hand it includes 'invisible' services such as design, advertising and architecture, used to create new business solutions, products and environments where clients' decisions to buy are only sometimes based on a desire to purchase something similar to existing designs. On the other hand, it also includes those businesses that sell highly tangible products, such as television programmes, theatre productions or publications where a client is asked to buy exactly the thing they see in front of them.

Creative businesses in the 'invisible' sector know that the decision to buy a bespoke service to create something that will exist once the client has made a purchase requires a different level of trust than one where the client can see the finished article beforehand.

Successful export promotion requires that the significant differences in the relationships between client and creative business in these two broadly-defined areas are fully recognised and that support for events and services is based on that understanding.

### Working Methods

- 1.7 CIEPAG was established as a sub group of the Creative Industries Task Force, under the chairmanship of Charles Allen, Chief Executive of the Granada Group. Its key task was to draw up a strategy document to help inform Government Departments and the industries of the measures necessary for success in exporting. Its membership included officials from Government Departments, representatives of the creative industries, together with the broader cultural sectors of tourism, hospitality, museums, galleries and heritage.

### Cluster Groups

- 1.8 Given the breadth of the industries covered, it was agreed that four cluster groups should be set up, each to look at their specific needs: These were:

#### **Content**

chaired by Clive Bradley

#### **Design**

chaired by Ian Rowland-Hill

#### **Performing Arts**

chaired by Rupert Rhymes

#### **Heritage and Tourism**

chaired by Jonathan Griffin

### Terms of Reference

- 1.9 Each group was asked:

*'To identify what help and information already exists; what is needed to add value to the export effort; and who should be providing this added value.'*

- 1.10 The detailed findings of the four cluster groups are given at Chapters 2-5. This chapter gives an overview of those findings, and a number of recommendations for action.

## Strengths and Opportunities

- 1.11 The work of the four cluster groups identified a number of key strengths and opportunities for our creative industries:
- a significant contribution to UK export earnings and the potential for substantial export growth;
  - a positive worldwide reputation for creativity;
  - the dominant position of English language product;
  - developments of the Information Society and the Knowledge Economy, in which the UK is comparatively well placed;
  - and the extensive support network provided by overseas Posts and the British Council.

## Weaknesses and Threats

- 1.12 The cluster groups identified a number of factors which could inhibit growth:
- intense competition from other countries (particularly the USA);
  - too many businesses exporting opportunistically and not strategically;
  - problems over accessing appropriate market information;
  - the lack of a focused approach to export promotion activity, and
  - legal issues such as intellectual property rights and taxation.

## Key Issues and Recommendations

- 1.13 A range of issues pertinent to each cluster group are outlined at Chapters 2-5. Key common themes are:

### Communication

- 1.14 It was agreed there was a great deal of information around, but its collection, management and dissemination was not uniformly good, and there was lack of effective cross-referral to other sources of information. We welcome therefore the work being proposed by the British Council to identify the information needs of creative businesses and how this is accessed currently. We recommend that the outcome of this work should help inform decisions on how to provide a quality information service relevant to the needs of the creative industries [REC 1], and that this needs to take into account the growing use of electronic formats.
- 1.15 There was recognition of the need for greater understanding by Government Departments of what the creative industries offer; and the need for creative industries to develop a greater understanding of what help Government can offer. We believe the steps being taken to raise awareness of design among British Trade International market desk officers is both a welcome development and an example of good practice. We recommend therefore consideration of the development of a training module on the export potential of the creative industries [REC 2]; that British Trade International should consider producing information about the services it provides tailored to the needs of the creative industries [REC 3]; and that it should ensure that the Professionalism in Trade (PIT) training covers the creative industries [REC 4].
- 1.16 There was a sense that the creative industries have, in the past, been ignored or overlooked in terms of the membership of consultative bodies. We recommend that British Trade International reviews the membership of its export promotion consultative groups to ensure effective creative industries input [REC 5]; and when establishing any new consultative fora, ensure that the creative industries are invited to participate where appropriate [REC 6].

1.17 There was much interest in the role of the export promoters, and a recognition of the important role they can play in encouraging export growth. To that end, they would need close liaison with representative bodies in the creative industries. We recommend therefore that export promoters are encouraged to develop close working relationships with such bodies, where appropriate [REC 7].

#### Co-ordination

1.18 There was criticism of the lack of consistency in the marketing material used by Government to promote the creative industries. This suggested a lack of co-ordination, and a failure to project a consistent image. We recommend therefore that British Trade International, DTI, FCO and DCMS consider devising a joint marketing strategy to ensure consistency [REC 8].

1.19 There was a general welcome of the efforts by British Trade International to help determine key overseas markets for the creative industries, and to use that information to help inform decisions on overseas missions and trade fairs. We welcome this more strategic focus, as it helps to ensure scarce resources are properly targeted. At present however there are examples of over-targeting of some markets and a failure to cover some high priority markets. This exercise by British Trade International will be updated regularly, and we recommend that CIEPAG devises mechanisms to provide input to that exercise to reflect market developments [REC 9].

1.20 There was some concern expressed that a number of creative industries had not been successful in coming together to provide one voice capable of articulating their needs to government and other bodies. Whilst we believe that this is not an issue for CIEPAG to pursue, we recommend that members of the four cluster groups consider whether further work on this is appropriate [REC 10].

#### Legal Aspects

1.21 There was recognition of the importance of copyright protection to ensure creative businesses of the future. We welcome the establishment of the Creative Industries Task Force Sub Group on copyright and recommend that CIEPAG conveys its views to the Group [REC 11].

#### UK Activity

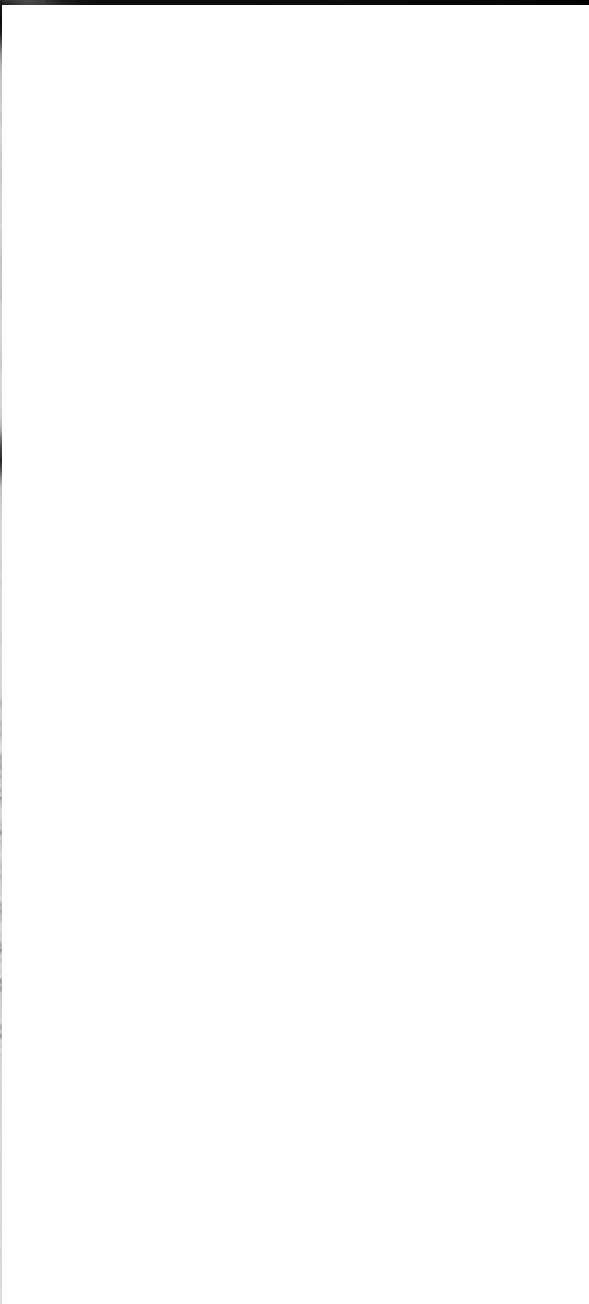
1.22 Whilst most of CIEPAG's focus has been on activity in overseas markets, we believe it is important not to neglect opportunities domestically, and particularly the important role which will be played by the Millennium Dome in the coming year. We recommend that CIEPAG considers the possibility of staging a 'Creative Industries Showcase' at the Dome [REC 12].

#### Future Role for CIEPAG

1.23 We envisage a number of ways in which the work initiated by the formation of CIEPAG can continue to help. We recommend that CIEPAG should henceforth meet on a bi-annual basis to review developments in Government policies on exporting and their impact on the creative industries [REC 13]. We recommend that CIEPAG should make a formal contribution to British Trade International's review of priority markets [REC 14], and establish a small working group to comment on bids for overseas trade missions in the creative industries sector [REC 15].

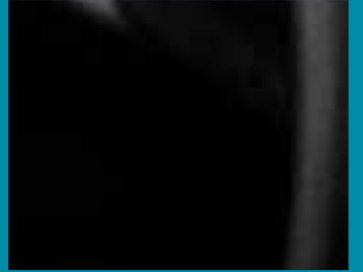
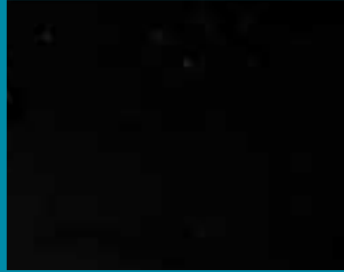
1.24 A number of participants at the cluster group level have expressed the view that their meetings provided a useful networking forum, and consider there would be value in continuing to meet. We recommend that the cluster groups for content, performing arts, heritage and tourism should decide whether they wish to continue meeting, and if so how frequently and how they will play into CIEPAG's activities [REC 16]. For the design cluster group, we see little strategic sense in having both this group and the DTI's Design Export Group. We recommend therefore that the two merge [REC 17].

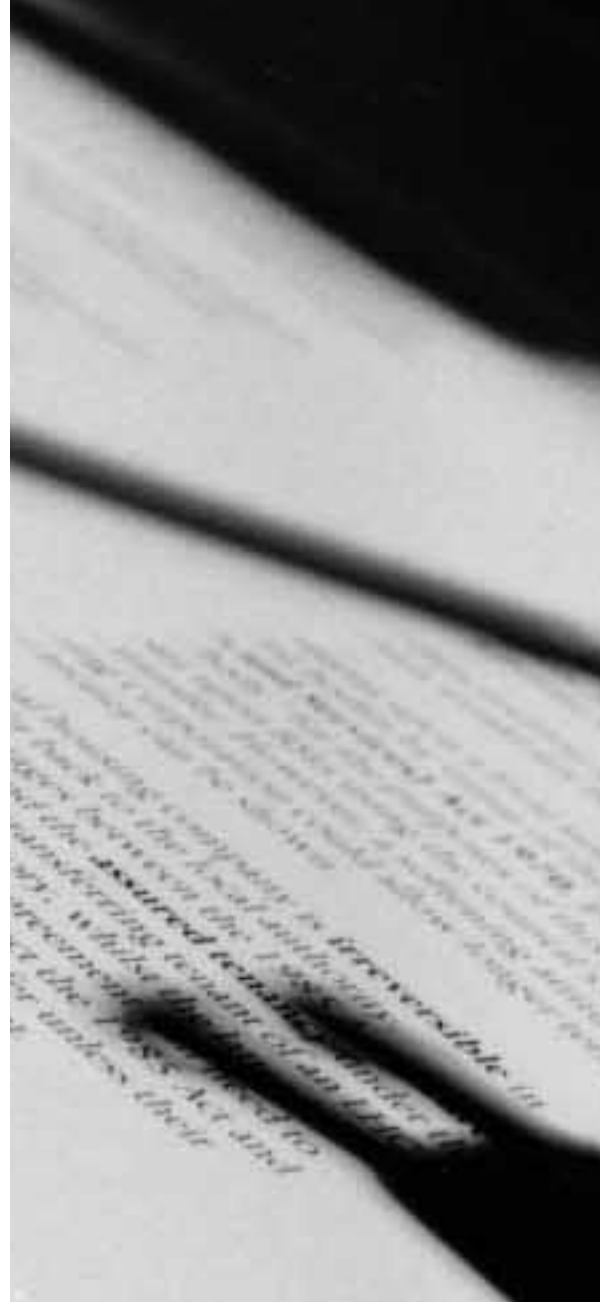
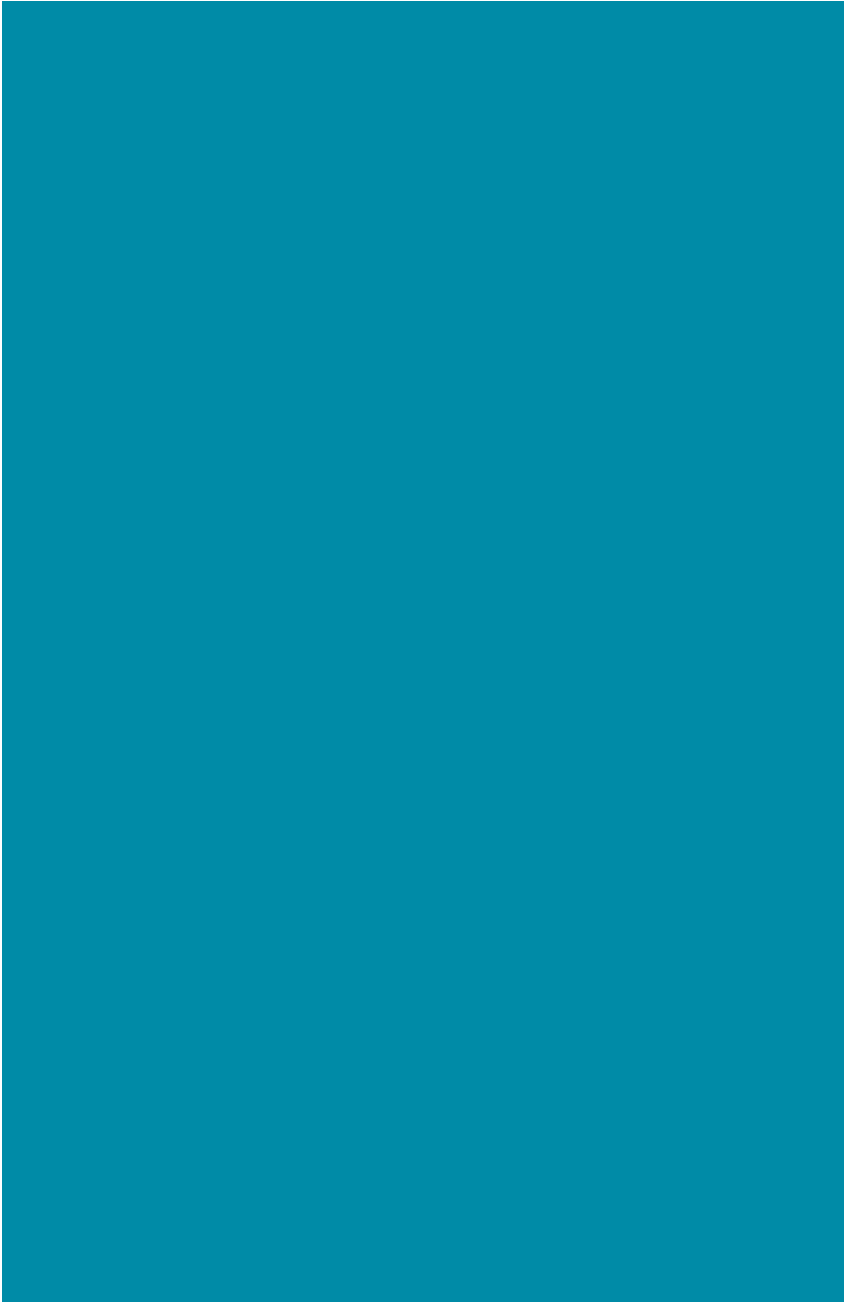
CIEPAG  
June 1999



## Chapter 2

CREATIVE INDUSTRIES EXPORT PROMOTION ADVISORY GROUP (CIEPAG)  
AN EXPORT STRATEGY FOR THE CONTENT INDUSTRIES





## CITF

- 2.1 The Creative Industries Task Force brings together leading industry figures with Government Ministers to identify ways of assisting the UK's creative industries to secure sustained growth. A key element of that work is identifying how Government assistance on export promotion can best serve the needs of our creative industries.

## CIEPAG

- 2.2 The task of taking that forward has been entrusted to CIEPAG, a sub group chaired by Charles Allen of Granada. A wide range of industries is represented on CIEPAG, and the issues each industry faces in export promotion are diverse and different. In order to bring together both individual and common areas of concern, the Chairman of CIEPAG has established four cluster groups to examine the issues and report back. The four groups cover:

content  
design  
performing arts  
heritage and tourism.

## Content Cluster Group

- 2.3 This report focuses on the content sector, and reflects the views of the Content Cluster Group, a list of whose members is at Annex 1. The content industries include newspaper, book, magazine, directory, research journal and electronic publishing (including interactive multimedia products and databases), computing software and services, music and recording, broadcasting, films and computer games.

## Content Sector

- 2.4 For a number of reasons, it is difficult to measure the contribution of the sector to the UK's international trade. These include disaggregating invisible earnings and sectors too new and too widely spread over different industries to be separately reported. However, it is a fair estimate that the sector makes a positive contribution to the balance of payments of £2 billion (exports of £4 billion, imports of £2 billion). The substantial exports and overseas earnings of the book, music and broadcasting industries, and of computing services, are the main contributors. Income from sales of broadcasts are inevitably offset by imports of broadcast programmes.

## Terms of Reference

- 2.5 The Content Cluster Group has been asked:

to explore the current situation, identifying barriers to export growth;

to identify what help and information is already available to exporters to assist in overcoming those barriers; and

to propose a programme of activity to add value to the export effort, and to identify who should lead in those efforts.

## Current Situation

### Strengths and Opportunities

- 2.6 Together, the UK's content industries offer perhaps the best prospects of any UK industrial sector for substantial export growth. Not only is content, in which the UK has outstanding expertise, absolutely fundamental to the information society and knowledge economy, but people who have been educated, informed, and trained through British books, or who enjoy British music and broadcasting, look to the UK for other resources and tend to have a high regard for the UK. This is not just propaganda: it is both a strength and an opportunity to pursue our values and secure a greater share of international trade.
- 2.7 The UK's creative industries have special strengths in exploiting overseas markets. These include:
- (a) Extensive and growing use of English throughout the world for commerce, education, entertainment and social intercourse.
  - (b) The growing importance of the Information Society and the Knowledge Economy, in which the UK can be a leading force.
  - (c) Highly experienced and successful companies, including internationally competitive major players and a wide variety of established and innovative medium and small enterprises.
  - (d) Deep experience of global markets, not just in English speaking countries.
  - (e) Ability of the content industries to draw upon high quality British academic and professional resources.
  - (f) High quality of products.
  - (g) Extensive international network of UK commercial, diplomatic and cultural resources, in particular the British Council.

### Weaknesses and Threats

- 2.8 We face intense competition from the USA which has the advantages of a domestic market at least six times the size of the UK, great technological leadership, and large resources of capital and skilled manpower. Other Commonwealth countries, once seen principally as easy markets for the UK, are increasingly becoming powerful competitors, eg the growing role of Australia in South East Asia and India in Third World countries. Non-English speaking countries are also increasingly producing creative products in English as well as acquiring large interests in English speaking countries.
- 2.9 The Governments of competing countries have been active in supporting the needs of their creative industries. For example, the US Government is a vigorous campaigner against piracy of its intellectual property and in support of the market rights of its creative industries, while France gives unusually generous support to its export trade. However, the UK is well-served by British Trade International's services, which have a well-targeted export support programme, and by the unrivalled work of the British Council, which combines experience with a good track record.

### Key Issues and Barriers to Growth

- 2.10 Two major issues of policy (rather than of export support) are seen as seriously eroding the potential for UK export sales:
- (a) Piracy of the UK's intellectual property in international markets. While international protection against illegal reproduction and sales of copyrighted creative products has greatly improved in the past ten years, largely because of the leadership of the USA and the conclusion of the GATT/WTO TRIPs agreement (agreement on Trade Related aspects of Intellectual Property), much more vigorous action by the UK and EU against the escalating crime of international piracy of books, films, records and software is crucial.

(b) The ability to enforce UK market rights for copyright materials in international markets (and in the UK itself) against so-called parallel importation.

The need to optimise markets and service to consumers through efficient territorial licensing arrangements (vertical agreements) makes it vital that the British Government fights to maintain the ability of British (and other) suppliers to obtain and enforce the exclusive territorial rights to different markets.

We therefore welcome the comments on market rights in copyright in the report of the House of Commons Select Committee on Trade and Industry's report on market rights in trademarked (usually 'branded') goods, and whether or not they should be subject to the disputed doctrine of 'international exhaustion' of market rights.

The Committee's clear recommendation, supported by the Government's evidence to it, is that it was 'aware of no particular demand for changes in the copyright regime (which supports enforcement of market rights) towards international exhaustion. Given the importance of the copyright industries to the UK, we would recommend the exercise of great caution before proceeding down this path'.

It further states 'we acknowledge that the music sector is in many ways different (from those examined above). Whilst copyright is the most important intellectual property right, international exhaustion of trademark rights may have a damaging effect on UK copyright industries.'

It also notes and accepts evidence from the Publishers Association that 'the real benefits of Intellectual Property Rights accrue to nations which have creative and innovative industries supported by strong copyright regimes'.

## 2.11 Other problems include:

(a) Current development aid policies. One of the major needs of developing countries is for extensive aid to support their educational programmes, which coincides with the fact that education also presents major export opportunities for the UK. The British Council is a leader on educational aid and on major needs such as English language teaching, and the Department for International Development has now published its policy in 'Learning Opportunities for All'. We welcome this new approach, though believe that educational aid can contribute benefits to development and international understanding well beyond the scope of aid envisaged in the policy document: for example, aid to secondary and tertiary education and for English language teaching can assist a developing country to develop its management class and so increasingly undertake its own future development.

(b) The challenge of selling British creative product in increasingly homogenised international markets in the face of sophisticated US production and marketing techniques. Although British television programmes have a well-earned reputation for excellence, and enjoy major sales successes, they can be regarded as elitist in international markets. We welcome the publication of the 'Building a Global Audience' report and the decision of the CITF to hold an inquiry on TV Production under the chairmanship of Chris Smith.

(c) The UK book publishing industry has an unrivalled export record, but is having to meet new challenges and competition. School books, for example, now have to be 'localised' to meet individual countries' demands, thereby losing economies of scale and pushing up costs: academic textbooks designed for students in British universities lose out where the tertiary educational system has moved towards the less-specialised US pattern just when the US is itself becoming more aware of export opportunities. The periodical industry is seeking to expand from largely national into global markets, with business-to-business publications offering great scope, while database publishers of research, professional and business information have world-leading products to offer.

(d) The music industry remains particularly susceptible to constant fluctuations in public taste. This has an enormous impact on each of the thousands of individuals and companies who together make up the British music industry. While it is expected that the industry as a whole will keep its place in the world market by continuing to produce popular music the competition will grow. The music industry, too, is in the forefront of industries having to face the challenge of electronic commerce through the Internet, with its potential for piratical supply. It is vital that the new regimes being introduced in the UK, EU and globally take full account of the need to establish viable trading regimes and the need to support new copyright management systems.

(e) Potential export markets for electronic products, which cover an enormous range of output, present some interesting problems. Whilst the USA is dominant in standard applications the provision of computing services and of bespoke software provide significant opportunities for the UK. In areas such as database and directory publishing, games, and interactive media, British innovative skills can lead to major markets; British expertise in financial services can lead to world-beating products (as Reuters has shown); there are international opportunities from British experience in business-to-business, educational, academic, professional, journal and leisure publishing.

(f) Newspapers like the *Financial Times* and *Daily Telegraph* (*Electronic Telegraph*) have demonstrated that there are international opportunities for what were once regarded as purely national or regional markets. New text transmission systems have created new international markets for tabloid newspapers that now produce local editions in European markets, showing that new technologies create new opportunities to develop new markets around the globe. Many of these remain embryonic markets. Whether they succeed or fail will depend on our ability to establish innovative products before our competitors gain too strong a foothold. The need for supportive policies for innovative British industries is self-evident.

## Help and Information

### What help and information already exists?

- 2.12 British Trade International and DCMS, after consultation with the sector, have identified a number of international markets which either, because of their size and wealth, are major markets, or which for a variety of reasons offer the best potential for export growth, which are recommended as priority targets for a partnership between Government and industry. The list requires regular – at least annual – review, and it is important that the machinery for this is kept in place. The current priority countries are listed in Annex 2.
- 2.13 These lists indicate the countries to which British export support services should give priority, but the opportunities for different products will vary greatly in different countries. Further, a distinction needs to be made between support programmes designed to support the entire creative sector and those designed for a particular medium within the sector. Export delegations or trade fairs which seek to embrace the entire creative sector are likely to be too unfocused to be successful, though visits by senior ministers and industry leaders, or campaigns by the British Council, which emphasise and act as a showcase for the high innovative qualities of the British creative industries could well increase awareness of what we have to offer.
- 2.14 This is especially true of highly developed markets such as the USA. British Trade International has recently published a new brochure *Export USA* which outlines such a method of supporting potential UK exporters to the USA. It is perhaps a pity that the scheme is limited to Small and Medium sized Enterprises (SMEs), who will be selected for support on a competitive basis, in line with recent Challenge programmes and recommend that this policy is reviewed in due course. The support envisaged, particularly the provision of skilled help from local commercial (and cultural) officers, precisely meets potential needs. It includes:

Direct contact with British Trade International commercial staff in the US.

Initial market assessment and advice.

Marketing course (3 days) at a university business school.

Visit to US trade fair or event.

Advice on commercial publicity plus an initial New Product press release.

2.15 DTI-Communications and Information Industries Directorate (CIID) has also issued a paper inviting comments on future strategy for export support, with particular emphasis on electronic publishing, which, it argues, still lacks a sufficient market size in the UK so that export activity is essential.

2.16 The British Council has also issued a paper on promoting Britain's cultural exports, outlining the services it offers to all the creative industries and related projects, and particularly to commercial firms.

### Recommendations

2.17 Support for creative industries as part of high level diplomacy. When the US President visits another country, it is rare for him not to take the opportunity to boost the US's creative industries and to demand greater protection for US works against piracy and market infringement. We need similar support when the Prime Minister and senior Secretaries of State (not just DCMS, but British Trade International, DTI, Foreign and Commonwealth Office (FCO), Department for Education and Employment (DfEE), Department for International Development (DfID)) visit other countries. They should be accompanied by at least one major British cultural figure, who should have the opportunity to give a lecture or reception to which leading local cultural figures are invited, and at which what Britain has to offer is put forward. These events should then be followed up by commercial staff in overseas posts and British Council officers. It is important that the cultural industries should be involved at the planning and briefing stage, when particular problems and opportunities can be identified.

2.18 Implementation of TRIPs. The final stages of the implementation of the World Trade Organisation TRIPs Agreement, requiring developing countries, after a five year derogation, to come into full compliance with its requirements, are now imminent. It is most important for the eradication of piracy that the preparation periods already allowed are not extended further.

2.19 Representation on export forums. The UK content industries are represented on bodies such as the DTI's Export Forum, the FCO's Panel 2000, and the British Council Board, and this is greatly welcomed. But this needs to be supplemented by encouraging exchanges between these bodies and those who are exporting, who can speak from current direct experience and help formulate effective policies. In particular, the structures to emerge from Sir Richard Wilson's recent review of export promotion structures need to give appropriate priority to the export potential of the creative industries.

2.20 Data on export markets. Within each overseas post in the priority countries identified, a senior official should be nominated to research and report back on such matters as:

- i) local piracy activity,
- ii) opportunities and developments in the market for the creative industries,
- iii) important contact points.

This information needs to be precisely targeted on the basis of consultations with the sector. The reports should be available over the sector's websites.

2.21 Data on UK resources. Similarly, each overseas post should keep itself fully briefed on cultural activities in the UK (displaying current reviews, posters, catalogues) and should be proactive in communicating high points to local media etc.

2.22 Dissemination to sector. There are already a number of industry export websites in operation (British Trade International, British Council, Publishers Association, Periodical Publishers Association, etc), and it would be impractical either to establish a big new site or to seek to combine them. But the sites do need positive co-operative management to ensure the flow of information between them, with a 'Welcome to Britain' site, a dedicated search engine, hot-links, including to sites such as those operated by museums, shared documentation. To be effective, such services also need to be headlined. It is recommended that an implementation group is established to oversee the establishment of this service.

2.23 Sector statistics. If export effort is to be optimised, it is vital that the available statistics are greatly improved to indicate progress and to help identify trends on which the sector can capitalise.

2.24 Dedicated officers in priority countries.

If creative industry exports are to be expanded as a systematic international trade objective, this effort must be spearheaded by senior officials posted from the UK who:

- i) promote UK content industries locally,
- ii) feed back information to the UK,
- iii) assist exporters in preparing for and exploiting export campaigns,
- iv) organise local promotional events.

This work should be undertaken not only for SMEs but for the UK's international market leaders as well. Ideally, given the British Council's reputation and experience, this should be undertaken within the Council's overseas posts, and we understand that the Council is examining the possibilities. It deserves additional budgetary support.

2.25 Guidance notes for export promotion. Given the vast range of export activities that needs to be undertaken, export promotion teams may often lack knowledge of what has been shown to be successful in other parts of the world, or for a particular sector of the industry, and may lack suitable ideas. The production of brochures suggesting ideas for events, British Weeks, etc, with case studies of how they have been implemented, would be of particular value for the particular

circumstances of the creative industries. We welcome the recent FCO guidance on the organisation of British Weeks in priority export markets, and hope that this will be supplemented by further publications which stimulate ideas on effective exporting.

2.26 Trade, promotional and research events. There are many types of trade events run by British Trade International which may be suitable for different sectors of the content industries, and the British Council often supports these and organises its own events. High priority should be given to properly targeted content industry events and support activities. We also urge that some of the restrictive rules that may be applied should be reconsidered (eg the rules prohibit British Trade International support for any single enterprise for more than three participations in a trade fair). Similarly, the current provisions for support for participation in trade fairs are not well-tuned to the needs of industries, such as the music industry, which trade largely in intellectual property rights rather than hard products.

2.27 Support for globally acceptable content. We are also concerned to find ways of supporting the production in the UK of materials for which there will be global markets. If more globally attractive programmes and products are to be produced, more international exchanges between people working in companies in the UK and in other countries need to be introduced, and finance needs to be available for much closer scripting and production of programmes to ensure globally-acceptable standards. Given the benefits to the UK from such an export trade, we urge the introduction of tax breaks to diminish production costs of broadcast and film programmes with significant export potential.

2.28 Withholding taxes. All parts of the creative industries suffer greatly from the confusion that exists over double taxation of earnings in different countries, and the withholding tax regimes that apply. This is particularly the case for royalty earnings. A significant barrier to export earnings would be removed if suitable arrangements could be negotiated with the priority countries for which no double taxation agreements are yet in force.

## Annex 1

## Annex 2

## MEMBERS OF THE CONTENT INDUSTRY CLUSTER GROUP

Clive Bradley (Chair)	Director, Confederation of Information Communication Industries
Roger Bennett	Director General, European Leisure Software Publishers Association (ELSPA)
Michael Crossman	Chairman, British Interactive Multimedia Association
John Deacon	Director General, British Phonographic Industry
Sarah Faulder	Chief Executive, Music Publishers Association
John Higgins	General Director, Computing Services and Software Association
Jane Lighting	Managing Director, Minotaur
Mike Phillips	Director, BBC Worldwide
Nanette Rigg	Director General, British Music Rights Ltd
Ian Taylor	International Director, The Publishers Association
Shaun Williams	Chief Executive, Producers Alliance for Cinema & Television (PACT)
David Worlock	Chairman, Information and Communication Industries Association

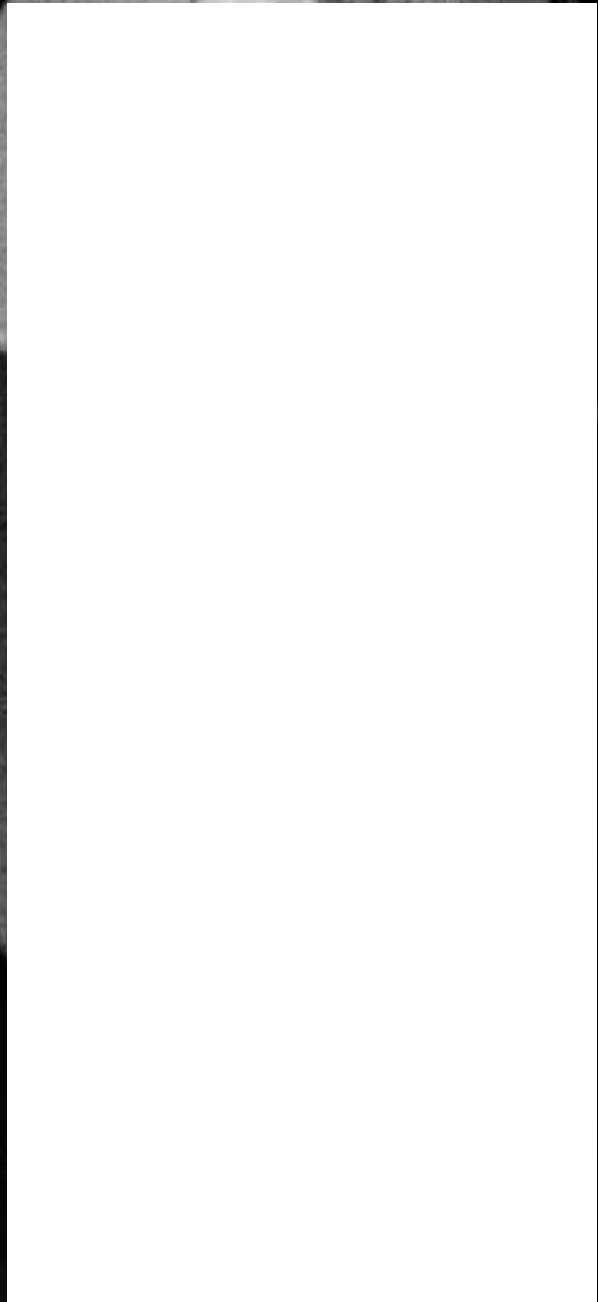
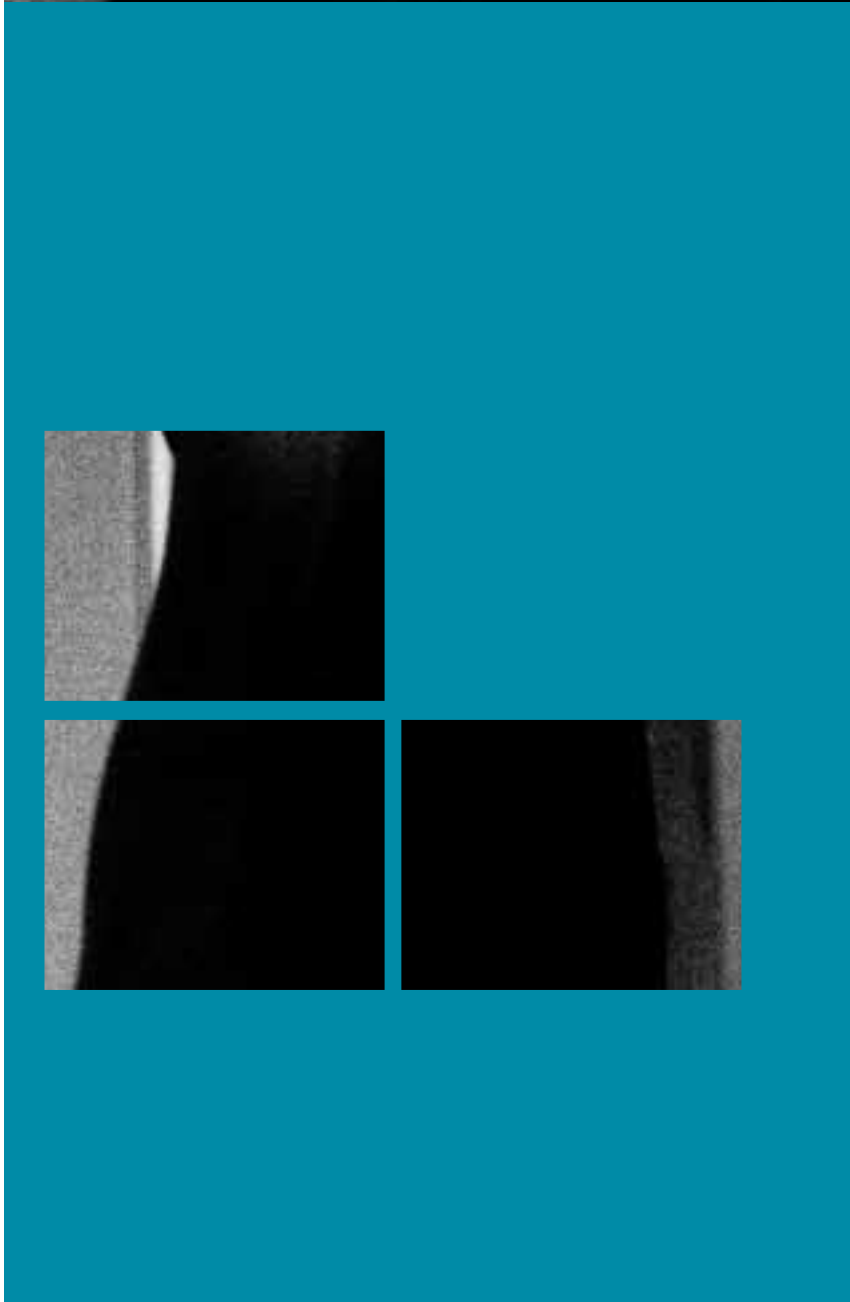
## PRIORITY COUNTRIES FOR UK CONTENT INDUSTRY EXPORTS

*High priority  
(in no particular order):*

China  
Hong Kong  
Japan  
Western Europe  
USA  
Singapore  
Canada  
Australia  
India  
Brazil  
South Africa  
Hungary

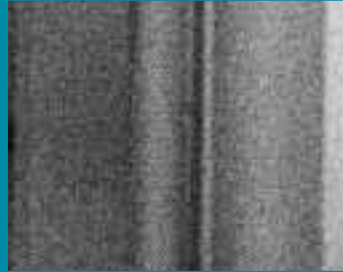
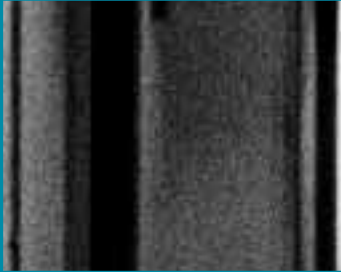
*Second priority:*

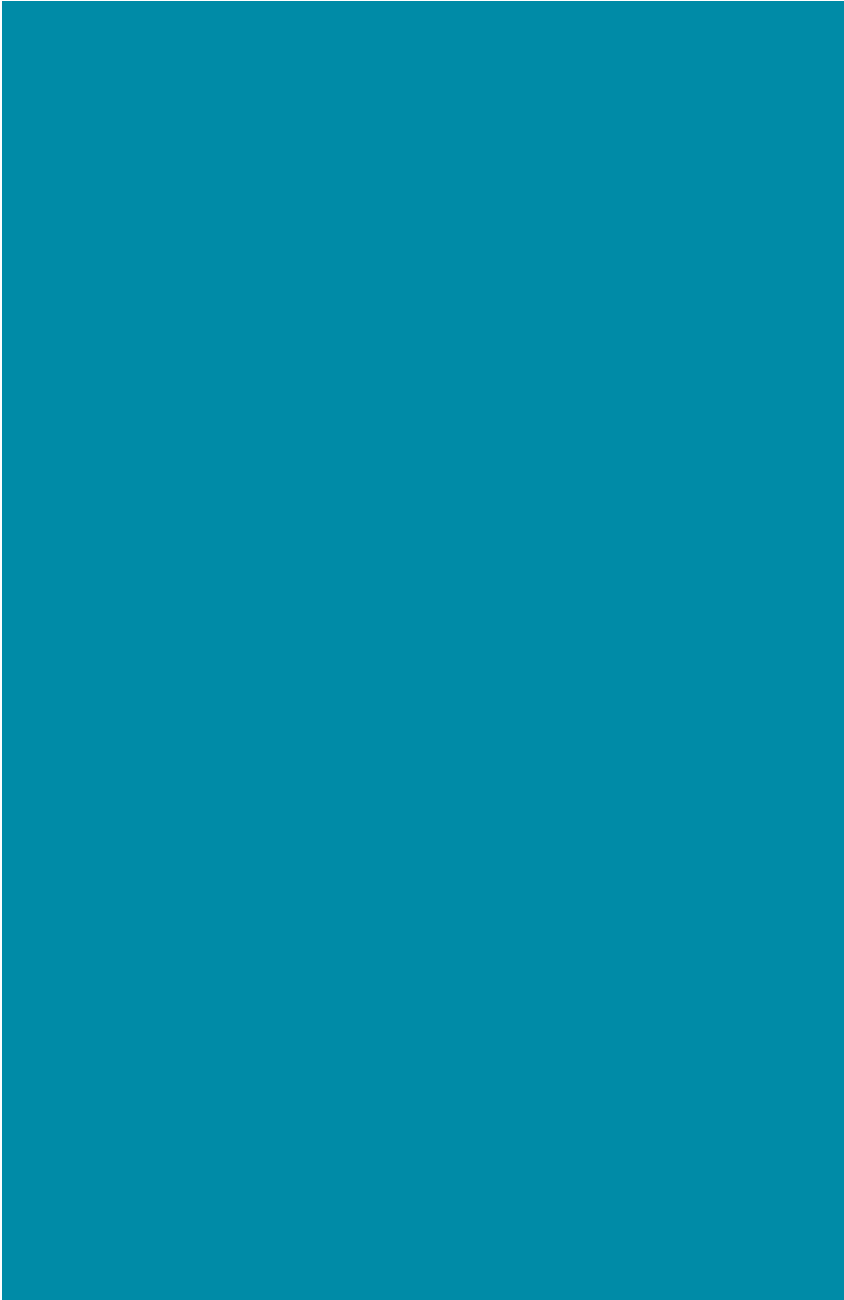
Taiwan  
South Korea  
Chile  
Mexico  
Poland  
Turkey  
Argentina  
Thailand  
Egypt  
Russia  
Czech Republic  
Saudi Arabia  
Slovenia  
Colombia  
Venezuela  
Jordan  
Kuwait  
Pakistan  
New Zealand  
Malaysia  
Trinidad and Tobago  
Bahrain  
Oman  
Estonia  
Brunei  
Peru  
'Other Caribbean'



# Chapter 3

CREATIVE INDUSTRIES EXPORT PROMOTION ADVISORY GROUP (CIEPAG)  
AN EXPORT STRATEGY FOR THE DESIGN INDUSTRIES





### CITF

- 3.1 The Creative Industries Task Force brings together leading industry figures with Government Ministers to identify ways of assisting the UK's creative industries to secure sustained growth. A key element of that work is identifying how Government assistance on export promotion can best serve the needs of our creative industries.

### CIEPAG

- 3.2 The task of taking that forward has been entrusted to CIEPAG, a sub group chaired by Charles Allen of Granada. A wide range of industries is represented on CIEPAG, and the issues each industry faces in export promotion are diverse and different. In order to bring together both individual and common areas of concern, the Chairman of CIEPAG has established four cluster groups to examine the issues and report back.

The four groups cover:

content  
design  
performing arts  
heritage and tourism.

### Design Cluster Group

- 3.3 This report focuses on the design sector, and reflects the views of the Design Cluster Group, a list of whose members is at Annex 1. The Cluster Group includes representatives of UK design consultancies and designers working within industry.

### Design Sector

- 3.4 The UK design industry is an important contributor to the economy – employing some 20,000 people and with a turnover of around £2 billion. The design industry is highly international, and the bulk of UK design companies – some 70% – are active in overseas markets.

### Terms of Reference

- 3.5 The Design Industry Cluster Group has been asked:
- to explore the current situation, identifying barriers to export growth;
  - to identify what help and information is already available to exporters to assist in overcoming those barriers; and
  - to propose a programme of activity to add value to the export effort, and to identify who should lead in those efforts.

## Current Situation

### Strengths and Opportunities

3.6 Among UK design industry strengths are:

- (a) UK suppliers' abilities to combine a worldwide reputation for high levels of creativity/inventiveness with commercial professionalism and experience of delivering solutions whose effectiveness has been measured. This combination of skills and experience currently gives UK-based providers a competitive advantage.
- (b) An ability to deliver a high level of professional quality services especially on large scale projects.
- (c) An ability to understand clients' commercial interests, enabling us to deliver commercially effective solutions, not just creativity for the sake of it.
- (d) Experience of working with other elements in the so-called marketing mix to deliver fully integrated design solutions that add to the commercial benefits. This includes, for example, forming alliances with management and change consultancies.
- (e) Experience of working with local suppliers in overseas markets.
- (f) Experience of delivering innovative products reliably and to the highest professional standards across all aspects of design and manufacture.
- (g) An entrepreneurial spirit and confidence that encourages UK creative businesses to want to export.

## Weaknesses and Threats

3.7 The main weaknesses and threats are:

- (a) Local competition. There is an increasing number of local suppliers competing successfully on price and quality for smaller scale projects. Ten years ago locally based design businesses were rare or non-existent outside the UK, USA, and some European countries. Today there is always some competition and it is increasing in size and experience. Its ability to compete on larger scale projects is also increasing. As a consequence, UK creative businesses are increasing the consultative side of their services and emphasising their past experience of delivering commercially effective solutions in order to maintain a competitive edge. Many are proactively suggesting new business opportunities to existing and potential clients rather than merely responding to client requests for design related services.
- (b) Lack of quality control. Many creative businesses export by chance rather than as the result of a strategic approach to new markets. Their willingness to provide services anywhere to anyone who will buy can lead to some suppliers overstressing themselves. Potential clients network among themselves about suppliers' credentials and one perceived failure to deliver can cause a disproportionate amount of negative views about a whole sector.
- (c) Lack of preparedness. Some exporters look to overseas markets as a way of boosting flagging home demand. Their ability to bear the sometimes more drawn out payment periods as well as the higher costs of servicing clients a long way off can cause severe delivery and financial problems.
- (d) Lack of market information. A lack of awareness of the different legal, business and cultural norms in overseas markets combined with a lack of knowledge of Government support services can cause unforeseen difficulties. A central Government service recording key cultural "no nos" in export markets is worth considering.

## Key Issues and Barriers to Growth

### 3.8 These are:

- (a) A lack of a co-ordinated export promotion strategy governing the work of British Trade International, FCO, DTI and the British Council in particular and, wherever possible and relevant, the promotional work of the various tourist boards and London First.
- (b) A lack of co-ordination of the short, medium and long term programmes of support activities covering the full range of tried and tested promotional tools as well as some new initiatives to help attract new audiences.
- (c) A lack of a co-ordinated image/identity for co-ordinated programmes.
- (d) A lack of consensus within the creative industries on the need for and content of basic training for new exporters.
- (e) A lack of communication and co-ordination between creative businesses' representative organisations about the services they provide.
- (f) The need for export promoters to be kept informed of the changing nature and the breadth and strength of the creative services industries within the UK.
- (g) The need for regular communication between export promoters and representative organisations on how potential new business can be identified and won. Regular seminars, workshops and information packs need to be developed in partnership with the representative bodies to provide export promoters with a full toolkit to help them identify when and where export business opportunities exist for creative businesses.

## Help and Information

### What help and information already exists?

- 3.9 Government Departments and the representative organisations are actively involved in promoting exports of creative industry services through a wide range of activities including, but not limited to:

touring exhibitions  
outward missions  
inward missions  
websites  
market research.

(Annex 2 provided by British Trade International is a full list of its services.)

- 3.10 All representative associations work to support and promote the economic development of the businesses in their sectors through a range of initiatives often in partnership with either British Trade International, the British Council, other representative organisations, Guilds or individuals.

### What is needed to add value to the export effort?

- 3.11 A common message:

(a) Increasingly, advertising, design and architecture are being sold on the basis of the measurable contribution they make to commercial goals. The UK leads the world in this approach and any co-ordinated export programme should reflect our world class status. We recommend this concept is placed at the heart of any programme promoting creative industry exports. The programme needs to be accompanied by an inward-looking programme promoting greater awareness of best practice among service providers to ensure the UK's current lead is maintained.

(b) Other Government Agencies can play a valuable role in encouraging the spread of best-practice, by funding research into and publishing case studies, supporting seminars and workshops and rewarding exemplars. The programme also needs to be accompanied by some means of informing all Government personnel directly involved in promoting creative services to potential clients about: the commercial benefits these services deliver; what potential clients need to know about the services; a working knowledge of best-practice in both the purchasing and method of delivering the services.

### 3.12 A common programme:

(a) There is a lack of co-ordination between Government personnel involved in the promotion of creative service exports which can lead to duplication, waste of resources and a confusion of messages being given to targeted markets. Everyone involved in the promotion of any business sector needs to have a basic kit of information about that sector which has been developed in conjunction with the relevant trade bodies.

(b) A common programme should be introduced spanning three to five years and including clearly identified goals, relevant predetermined measurements of success, and a clear idea of which type of creative service business should be involved. Agreed programmes will enhance the job quality of Export Promoters who will benefit from better information and feedback. Realistic targets can be agreed and market sectors can be developed in the medium and long terms. Co-ordinated programmes and partnership working between Government and representative organisations will also enhance the value of support activities in instances where success in export markets depends on speedy action by exporters getting into a market fast and first.

### 3.13 Ending the confusion:

(a) A common strategy will enable the generation of specific programmes of activities. People with expertise in various aspects of export promotion are already in place within Government Departments and Agencies. The current roles and activities of each Department and Agency need to be considered on the basis of their specific strengths to see how they can add value to the programme.

(b) A key problem for the development of a strategy and programme at the moment is that Departments and Agencies develop their own programmes independent of each other and of relevant trade bodies. It is inevitable that Departments with budgets for activities will want to spend them and will therefore determine a programme that best suits their own aims which may not be contiguous with exporters' aims.

### 3.14 A checklist of suitability:

Representative associations have a vital role to play in developing best-practice procedures and identifying which businesses are fit to export. A checklist of criteria should be agreed to help guide potential exporters to the right markets and promotional events.

### 3.15 Researching members' needs:

(a) The trade bodies need to publish research into their members' export activities, the markets and sectors they wish to target and their views on the support they have received since the last survey. The surveys need to be published regularly and should be part of the on-going review of the performance of the combined support services the trade bodies and Government Agencies provide.

(b) The Support for Exhibitions and Seminars Abroad (SESA) Scheme and TradeUK are not flexible enough to be of use to the creative services' sectors in their current format. Job referral agencies exist in design run for example by the Design Business Association, the Global Design Register and the British Design Initiative. It would help if TradeUK could make arrangements to enable complementary services to dovetail with its operations.

(c) Commercially sensitive information may prevent Government Departments from involving Trade Associations and other interested organisations in the development of some services at an early stage but wherever possible when new services are in development opportunities to seek views and find out about any existing services should be taken.

### 3.16 A successful promotional event:

(a) The *Oriana* ship event consistently receives good reports from the majority of businesses that have used it. The *Oriana* is host to marketing buyers for a three day period. Buyers are invited free of charge. Service providers pay up to £7,000 for the three days. Short meetings take place over the three days and are prearranged by a team that takes requirements from the buyers and marries them to relevant providers. The providers are there by invitation only. The success of the event is largely attributed to the amount of research that goes into ensuring that the buyers are genuine and that they have a real interest in meeting the providers they have identified.

(b) Clients with a track record of buying creative services are, of course, easier to identify. Often, in developing markets this won't be the case and research has to work harder to identify who might be a genuine buyer. Researchers therefore are the first to be involved in the selling process. They need to be properly briefed on the effectiveness message and fully aware of the scope of services within creative industries.

## Who should be providing this added value?

### 3.17 Working together:

(a) The answer to this question depends on the type of strategy and programmes developed. However, it is unlikely that added value will accrue without strong relationships being created between Government (especially British Trade International, DTI, FCO and the British Council) and trade bodies to form effective partnerships.

(b) Some trade associations have adequate resources to play a full role in liaising with all the relevant Government Departments and agencies to promote exports across all the sectors of interest to their members. Most do not.

(c) Provision should be made in the development of strategies and programmes to provide support funding where appropriate to ensure that joint working is maintained. Government has been committed to developing the role of trade associations, encouraging best practice and wherever possible to having one trade association per sector. Partnership working and support funding will encourage the development of stronger associations better placed to play a full part in achieving export targets. Funding should be available for successful bids to run specific projects, decisions on which bids to fund being taken by a specially created panel.

## Recommendations

- 3.18 We support the need for an overall strategy for increasing exports by UK creative industries with the aim of promoting the UK as world leaders in delivering effective creativity.
- 3.19 The strategy should influence the work of all Government Departments currently active in promoting these industries and should require participation of all relevant representative bodies in the planning and wherever appropriate the implementation of elements within promotional programmes.
- 3.20 The strategy should be developed by a Government-appointed panel of people independent of any Government Department active in promoting creative industry exports. The panel should be encouraged to seek the views of all relevant Government Departments, representative associations and other interested organisations in the formulation of the strategy.
- 3.21 The panel should also be responsible for overseeing the development of short, medium and long term programmes to increase exports, setting targets for increased activity and recording results, agreeing budgets and ensuring the most appropriate Departments work on the relevant aspects of the programmes.
- 3.22 Government Departments should work together to deliver the programmes whenever their combined expertise and skills could lead to the most effective results, and at all times they should work with and through the relevant representative bodies and other interested organisations.
- 3.23 Programmes should include opportunities for staff in Government to improve their knowledge and understanding of the diversity of services and manufacturing activities of the creative industries, building on existing initiatives.
- 3.24 Programmes should include opportunities to improve the knowledge of those working in the creative industries of the export support services available from Government, building on existing initiatives such as the DTI/British Trade International Design Industry Export Seminar in June 1999 to present the wide range of British Trade International services on offer.
- 3.25 The panel should also take responsibility for ensuring that existing Government services such as those provided through Business Links include workshops for creative businesses and craft manufacturers to understand exporting, how to develop strategic export business plans and how they can evaluate their own preparedness to export.

## Annex 1

## MEMBERS OF THE DESIGN CLUSTER GROUP

Ian Rowland-Hill (Chair)	Managing Director, Design Business Association
Tamsin Bailey	Design Council
Carlo D’Amario	Managing Director, Vivienne Westwood Ltd
Alan Haydon	Crafts Council
Nick Phillips	Director General, Institute of Practitioners in Advertising (IPA)
Ken Storey	Royal Institute of British Architects (RIBA)
John Wilson	Director General, British Apparel & Textile Confederation

Free export library facilities  
Export library research support  
Market Information tailored to enquirer’s needs  
Help with identifying suitable agent/  
distributors/partners  
Publicity support for new or innovative UK product  
or services  
Help with bringing key contacts to the UK  
Accompanies visits (selected markets)  
Free professional marketing advice  
Export marketing services  
Grant supported trade missions  
Grant supported trade fairs  
Inward trade missions

## Annex 2

## BRITISH TRADE INTERNATIONAL SERVICES

British Trade International offers British exporters a wide range of established support services. These are delivered through:

## Business Links

British Trade International Market desks (covering the UK’s top 80 export destinations)  
British Trade International Export Market Information Centre (EMIC) based in Central London  
National Assembly for Wales  
Scottish Trade International  
Trade International Northern Ireland  
Overseas Posts  
Internet – <http://www.brittrade.com>

## Established services include:

Information and guidance from local export teams.  
Advice and information from British Trade International Market desks  
Consultation with Export Promoters (private sector exports on loan to British Trade International)  
Help with meeting language and cultural requirements  
An extensive list of free and priced publications

In addition, DTI Ministers have recently announced a number of new export initiatives in response to the Export Forum recommendations. These are particularly geared towards the needs of smaller firms and include:

## The Export Explorer Programme

To introduce new and inexperienced exporters to European markets, Its aim is for 1000 small companies, currently not exporting actively, to take part in the programme in its first year.

## TradeUK

A new Internet based Sales Lead Service, to put UK exporters in touch with overseas sales opportunities using the services of British Embassies and High Commissions. It also holds a national database of exporters.

## Support for Exhibitions and Seminars Abroad (SESA)

The biggest ever programme of support for trade fairs and outward missions under the new SESA Scheme.

## Target Markets

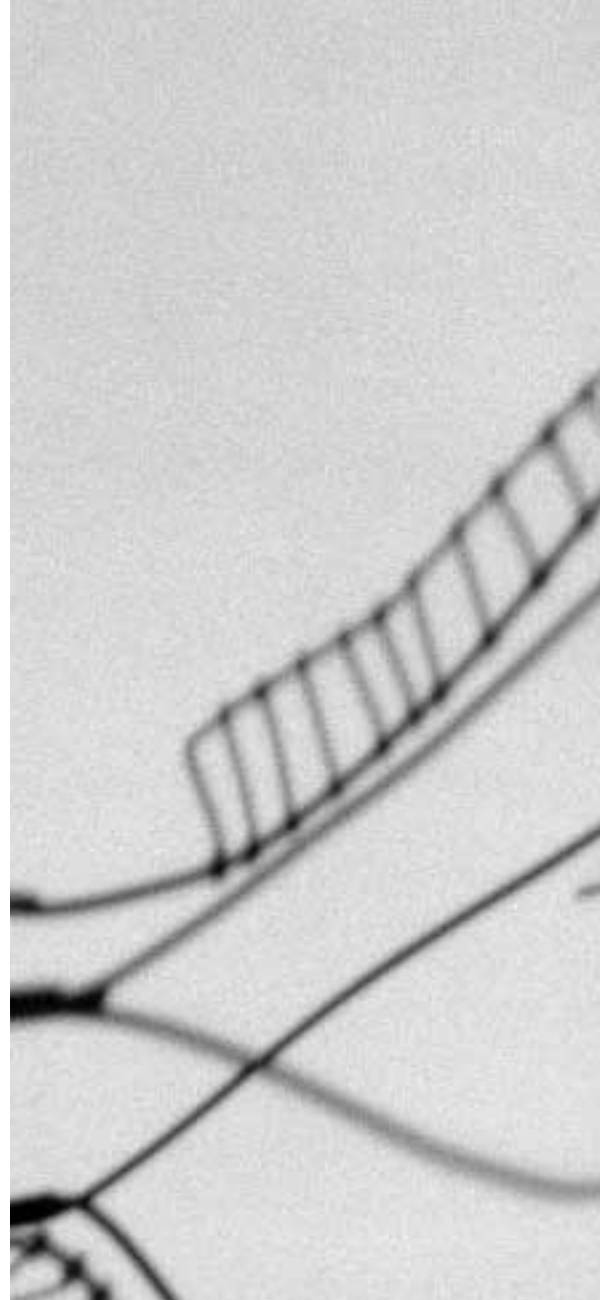
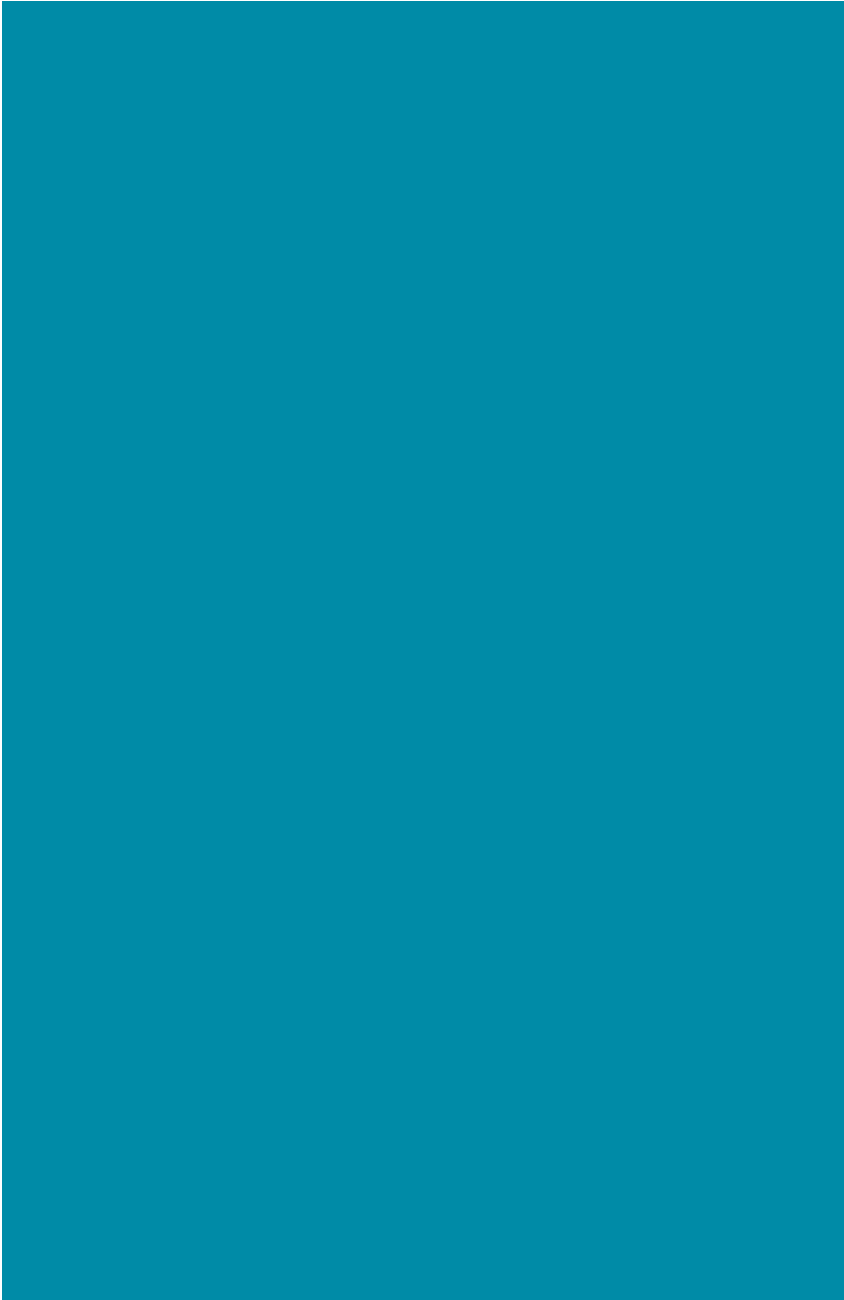
The adoption of the Export Forum’s recommendation to focus trade promotion assistance for experience exporters more closely on the under-exploited and newly emerging markets.



# Chapter 4

CREATIVE INDUSTRIES EXPORT PROMOTION ADVISORY GROUP (CIEPAG)  
AN EXPORT STRATEGY FOR THE HERITAGE AND TOURISM SERVICES INDUSTRIES





## CITF

- 4.1 The Creative Industries Task Force brings together leading industry figures with Government Ministers to identify ways of assisting the UK's creative industries to secure sustained growth. A key element of that work is identifying how Government assistance on export promotion can best serve the needs of our creative industries.

## CIEPAG

- 4.2 The task of taking that forward has been entrusted to CIEPAG, a sub group chaired by Charles Allen of Granada. A wide range of industries is represented on CIEPAG, and the issues each industry faces in export promotion are diverse and different. In order to bring together both individual and common areas of concern, the Chairman of CIEPAG has established four cluster groups to examine the issues and report back. The four groups cover:

content  
design  
performing arts  
heritage and tourism.

## Heritage and Tourism Services Cluster Group

- 4.3 This report focuses on the heritage and tourism sectors, and reflects the view of the Heritage and Tourism Services Cluster Group, a list of whose members is at Annex 1. The sectors break down into three broad areas covering: museums and galleries; the conservation of the built environment; and tourism development services. Each of these sectors is quite specific in terms of the products and services and the nature of the organisations involved, although there are common themes and connections. This is probably the first time that they have come together to discuss the common problems of export activities.
- 4.4 The Group did not attempt to tackle other associated sectors such as the export of fine art which might legitimately be included in a broad definition of heritage. Instead it concentrated on industries which involved the export of intellectual and management skills.

## Heritage and Tourism Services Sectors

- 4.5 These sectors represent an immensely rich resource for the UK. The UK leads the world in many aspects of heritage and tourism services. There is great interest and respect for our expertise and experience in this area. There is significant export work in all these sectors and a wide range of official international contact. It is an area which is also immensely sensitive. Working with the heritage of others requires a respect for their perspective and inspiration to be the driving force, with the export product being seen very clearly as the technical expertise, service or product being used to support local inspiration.
- 4.6 The main products and services in the sectors are:
- (a) museums and galleries: project development, conservation, exhibition design, intellectual property and licensing, merchandising, security, education and training, marketing, management;
  - (b) conservation of the built environment: project management, archaeology, architecture, survey, engineering, conservation, building services, training, management;
  - (c) tourism development services: project development and co-ordination, training, marketing, management.

## Terms of Reference

- 4.7 The Heritage and Tourism Services Cluster Group has been asked:
- to explore the current situation, identifying barriers to export growth;
  - to identify what help and information is already available to exporters to assist in overcoming those barriers; and
  - to propose a programme of activity to add value to the export effort, and to identify who should lead in those efforts.

## Current Situation

### Strengths and Opportunities

- 4.8 The following broad market areas exist for heritage and tourism services products:
- (a) The well developed countries, including Western Europe and the USA, generally have a well developed heritage resource, and are the focus of much international collaboration rather than commercial interest in heritage development services. The main products for this market are things such as exhibitions, merchandised products and some specialised training. This is, of course, the main market for tourism itself.
  - (b) The main markets are the emerging countries, covering Eastern Europe, Asia and the Middle East, where there is a wish to develop our heritage resources, and a need for the technical skills, institutional development and training to do this. This covers museums and galleries, conserving the environment and tourism development. The resources for this are partly available from national resources and to some extent from multilateral development funded agencies, and the large charitable foundations.
  - (c) There is a small market in the less developed countries where donor agencies do put some funding into key heritage projects.

## Weaknesses and Threats

4.9 The sector is significantly fragmented in the UK. There are few organisations which play many of the roles of a trade association for the sector. The Museums and Galleries Commission and the Museums Association have an interest in developing international work; the International Council on Monuments and Sites (ICOMOS) UK can play some role in the conservation of the built environment sector and the British Consultants Bureau fulfils other functions. Many other organisations have some international dimension to their work.

## Key Issues and Barriers to Growth

4.10 These are seen to be:

(a) There is currently no co-ordinating body, taking the lead on the promotion of exports for this sector. Responsibility is split between British Trade International and the British Council.

(b) There is no clear channel for the gathering of information about marketing opportunities overseas and for passing it on to the sector. The British Council produces various documents outlining cultural institutions in countries overseas. TradeUK (the British Trade International sales leads service) provides a route for some key information about leads and a growing number of companies is being signed up to TradeUK.

(c) UK organisations can sign up to TradeUK, but this is reactive. If the sector is to be successful in exporting then there also needs to be a proactive 'desk' to ensure that information needs are identified, gathered, opportunities are being pursued and that the sector is being briefed on international opportunities.

(d) There is a lack of authoritative and usable databases about the UK resource in heritage services. This causes particular problems for missions and British Council offices overseas in accessing and using information in response to enquiries and opportunities overseas. Things are clearest in the museums and galleries area, where there is the Museums and Galleries Yearbook, and a range of other UK orientated material. In the conservation of the built environment there is a wide and growing range of databases, all with some particular role and function within the sector. Many are new and commercial and most have no way of establishing the quality of the resource mentioned. In tourism services, there is a range of consultancy resources.

(e) There is also a need for the UK resource in this area to take greater advantage of the many British Trade International funded missions overseas. There may be opportunities for trade missions and showcasing overseas, specific to this sector. This is done to some extent already, and can be enhanced without a great deal of extra resources if the sector in the UK can work together to help provide the tools for effective export promotion as described in this paper. British Council information and cultural activities can then embrace the sector's needs more effectively.

(f) Visits by overseas delegates are undoubtedly valuable as they showcase the best that the UK has to offer. There are currently limited opportunities for those in UK institutions to visit markets, or for those overseas to visit the UK. A greater degree of contact between buyers and sellers needs to take place in a more targeted way.

(g) There is also no single body bringing the different elements of the industry in the UK together in a concerted way. It appears unlikely that a new body will develop to play a trade association role for the sector as a whole. There are a number of private sector bodies that are looking at providing trade association functions on a subscription basis, and this may be an effective way forward. In the meantime the only answer is more effective co-ordination by those involved in international work in the sector.

### Recommendations

- 4.11 We recommend that institutional and financial arrangements should be developed, which will allow for the effective and co-ordinated provision of export promotion services for the sector.
- 4.12 We recommend that Overseas Posts and British Council offices overseas should be the lead bodies and should identify ways in which they can work effectively to promote the work of this sector.
- 4.13 To support their work, we recommend the development of an IT based guide to the UK resource databases for use in promotion overseas. There are so many existing databases that it would be expensive and unproductive to develop a new one for use in export promotion. This would be a 'database of databases for the whole sector' and needs to be designed to be of use for this overseas function. It needs to be web-based and globally accessible.
- 4.14 We recommend the development of an information gathering system, which will define the information needed by the trade in this country and the establishment of a vehicle for its gathering and distribution.
- 4.15 We recommend that a programme of visits to the UK be developed for staff from key institutions overseas, concentrating on the best events and venues in the UK that showcase the breadth and capacity of the UK resource.
- 4.16 In the absence of any other body charged with co-ordinating the work of this sector, we recommend that the existing co-ordination group be continued and strengthened. They should identify the export promotion services that the sector needs, co-ordinate and monitor their development and catalyse more sustainable institutional arrangements for these services to be delivered.

## Annex 1

MEMBERS OF THE HERITAGE AND TOURISM  
CLUSTER GROUP

Jonathan Griffin (Chair)	British Tourist Authority
Timothy Ambrose	L and R Consulting
Heather Emery	Institute of Historic Buildings
John Fidler	English Heritage
Daryl Fowler	Broadway Malyan Cultural Heritage
Donald Hankey	Gilmore Hankey Kirke Ltd
John Hurd	Independent Consultant
David Linford	Linford-Bridgeman Ltd and the Heritage Building Contractors Group
Timothy Mason	Museum and Galleries Commission
Nigel Peters	British Consultants Bureau
Archie Walls	Giles Quarne Associates
Jane Weeks	Independent Consultant
Michael Wright	Museums Association

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Help with meeting language and cultural requirements  
An extensive list of free and priced publications

Free export library facilities  
Export library research support  
Market Information tailored to enquirer's needs  
Help with identifying suitable agent/distributors/partners  
Publicity support for new or innovative UK product or services  
Help with bringing key contacts to the UK  
Accompanies visits (selected markets)  
Free professional marketing advice  
Export marketing services  
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Grant supported trade fairs  
Inward trade missions

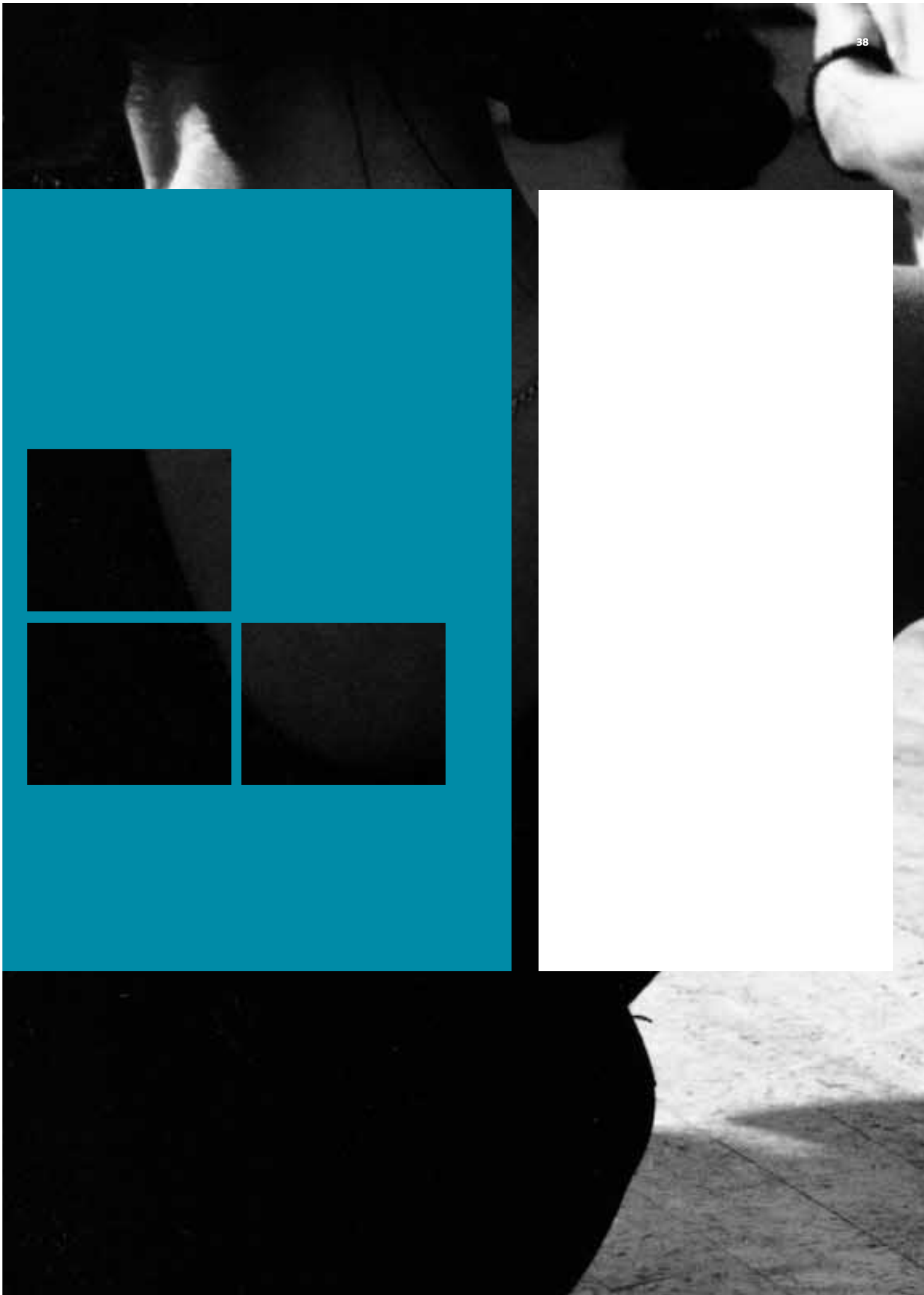
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A new Internet based Sales Lead Service, to put UK exporters in touch with overseas sales opportunities using the services of British Embassies and High Commissions. It also holds a national database of exporters.

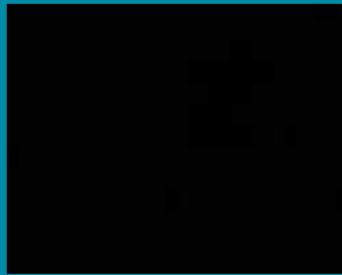
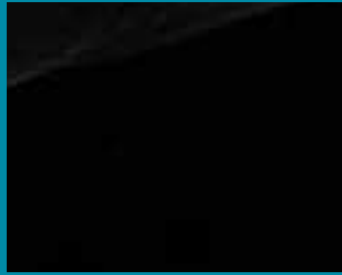
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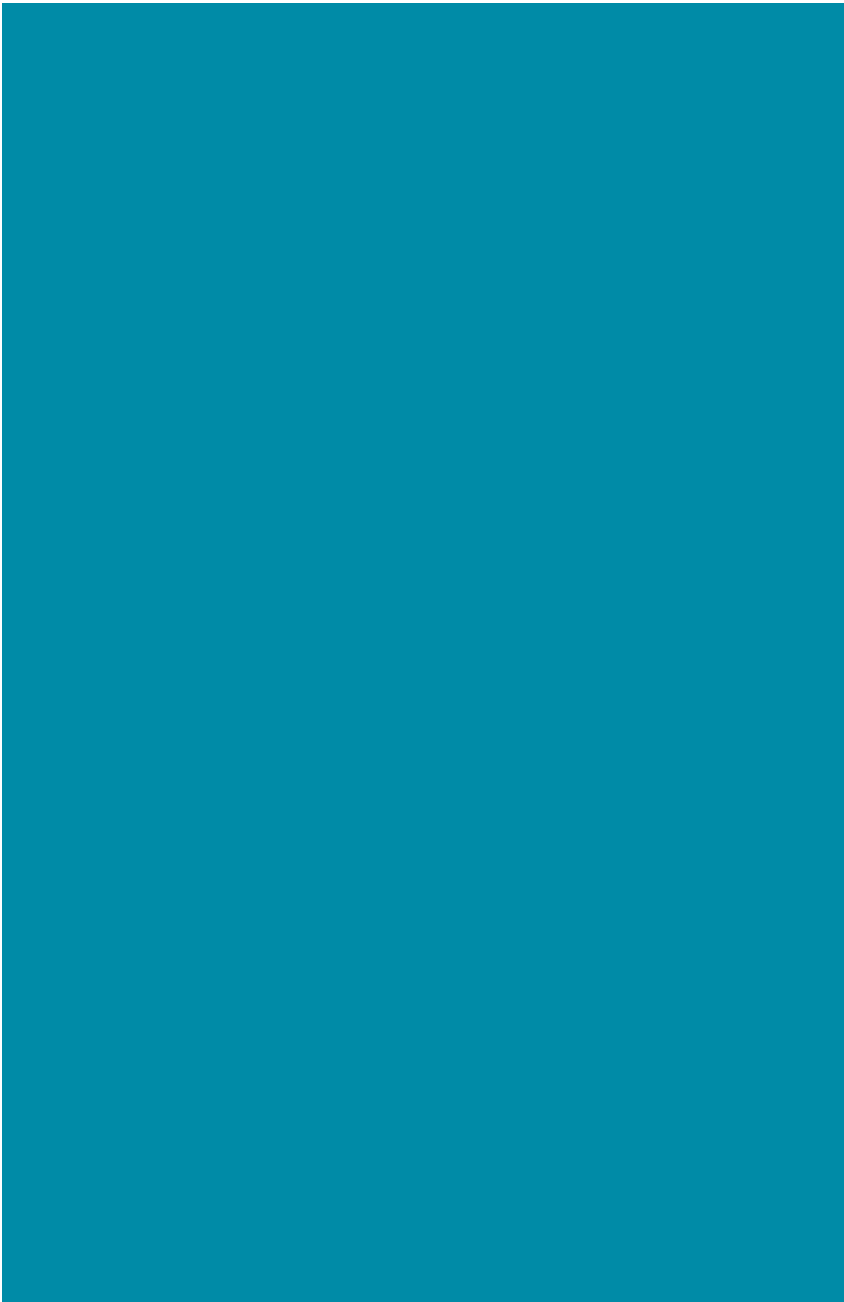
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# Chapter 5

CREATIVE INDUSTRIES EXPORT PROMOTION ADVISORY GROUP (CIEPAG)  
AN EXPORT STRATEGY FOR THE PERFORMING ARTS INDUSTRIES





## CITF

- 5.1 The Creative Industries Task Force brings together leading industry figures with Government Ministers to identify ways of assisting the UK's creative industries to secure sustained growth. A key element of that work is identifying how Government assistance on export promotion can best serve the needs of our creative industries.

## CIEPAG

- 5.2 The task of taking that forward has been entrusted to CIEPAG, a sub group chaired by Charles Allen of Granada. A wide range of industries is represented on CIEPAG, and the issues each industry faces in export promotion are diverse and different. In order to bring together both individual and common areas of concern, the Chairman of CIEPAG has established four cluster groups to examine the issues and report back. The four groups cover:

content  
design  
performing arts  
heritage and tourism.

## Performing Arts Cluster Group

- 5.3 This report focuses on the performing arts, and reflects the view of the Performing Arts Cluster Group, a list of whose members is at Annex 1. The industries include a wide range of organisations both in scope and art form. One of the most significant features of the sector is this diversity which ranges from the very small scale performance group to the large scale musical, from solo dancer to classical ballet company and from individual musician to the major orchestra. It is this very diversity which makes the sector so important in representing British culture abroad as well as tapping so many overseas markets.

## Performing Arts Sector

- 5.4 The contribution the sector makes is fourfold:
- (a) A significant contribution to export earnings in financial terms.

Although the last detailed survey of figures was by the Policy Studies Institute (The Economic Importance of the Arts in Britain) in 1985 and gave an estimate of £4 billion worldwide for the performing arts, the Society of London Theatre's Wyndham Report of 1998 concluded that the overall value of exports associated with the West End theatre industry alone is in the range of £266 million to £286 million per annum.

The London Symphony Orchestra generated £2.5 million from overseas tours in 1996 whilst the City of Birmingham Symphony Orchestra earned £0.8 million in 1995.

It is worth recording that Cameron Mackintosh Ltd, Really Useful Group Ltd, the Royal Shakespeare Company and the Academy of St Martin in the Fields have all received the Queen's Award for Export Achievement.

(b) A positive impression of the UK through associated media such as literature and broadcasting.

This leads to inbound tourism with associated financial benefits. The British Tourist Authority estimates that more than £2 billion per annum is generated through arts related tourism whilst a recent survey in Fortune magazine showed that the arts were a major influence on businesses locating in London.

(c) British performing arts provide a favourable climate overseas for other sectors to conduct export business.

The 'entertainment' factor should be an essential part of trade weeks, to provide a cultural wrap around for UK plc as the UK itself, eg at a launch of a new model in the motor industry.

(d) The exchange of artistic talent and ideas as a consequence of overseas activity leads to artistic growth and renewal.

Cameron Mackintosh Ltd point to the production of *Cats* in Australia as contacts made in South East Asia which gave rise to *Miss Saigon*. That production, in turn, has spawned further Asian contacts which have enriched cultural life.

5.5 As explained above, the performing arts have little statistical data available with regard to export earnings overall. It is fair to conclude, however, that Cameron Mackintosh Ltd and the Really Useful Group Ltd are the most significant individual contributors to this sector given the investments and revenue associated with musical theatre.

## Terms of Reference

5.6 The Performing Arts Cluster Group has been asked:

to explore the current situation, identifying barriers to export growth;

to identify what help and information is already available to exporters to assist in overcoming those barriers; and

to propose a programme of activity to add value to the export effort, and to identify who should lead in those efforts.

## Current Situation

### Strengths and Opportunities

5.7 Among our strengths are:

(a) The high standard of British arts at present means that the time is ripe for developing overseas links. This is closely linked with the 'millennium factor' – the advent of the year 2000 giving rise to reflection on the historical past and what lies ahead in the new century. The performing arts can take advantage of this.

(b) It is clear from the industry's experiences that there is worldwide unsatisfied demand for the performing arts from the UK. While some markets bring particular problems (New York, for example, as far as the drama world is concerned) there are many areas which are only just opening up to the performing arts – China, South Africa, Latin America, South East Asia and Eastern Europe. The potential for further development is considerable.

## Weaknesses and Threats

- 5.8 The key competition we face comes from:
- (a) Although the performing arts are supported by trade associations covering both the different art forms and the full range of differing scales of operator, these bodies are at present not structured to provide the statistical data which could be beneficial to the sector.
  - (b) Whilst the grant aided performing arts have recently benefited from an uplift in finance this has not always reached the companies directly due to the complexities of the funding structure. Concern, therefore, remains about support for development or base activities. This is an issue particular to performing arts which, unlike some industries, cannot expand or contract at will.
  - (c) There is also a danger associated with the pressure to show work overseas before it is truly finished. This is particularly dangerous for the development of performance/cross art form work. Performing arts need to come to fruition and may, therefore, seem to be slow movers compared with other examples of the cultural industries.
  - (d) The continuing strength of the Pound continues to be a difficulty in selling abroad, though in this respect we recognise the performing arts are in a similar position to other exporters.
  - (e) In an industry which is reliant on people, individual taxation issues are important and sometimes a deterrent. In certain circumstances individuals conclude that the financial return is not worth the effort involved.

## Key Issues and Barriers to Growth

- 5.9 These are seen to be:
- (a) The greatest issue identified by the sector relates to communication. Better overseas market intelligence is vital. It is recognised that valuable information can be gleaned from past tours but at present there is no satisfactory or ready means of passing this on to those planning new ventures. There is scope for a greater role for the British Council in this area not only for grant aided but especially for the commercial sector.
  - (b) The performing arts sector needs to increase knowledge of its wide variety. Whilst individual organisations may concentrate on raising their profile, there is no resource for generic promotion. The British Council is a natural agency for such work but at present can only work within its limited resources.

## Recommendations

- 5.10 The overriding need is to ensure that all Government agencies concerned work together to:
- recognise the immense value of the performing arts as a crucial adjunct to increasing the export performance of other sectors; and
  - invest consistently in the performing arts.
- 5.11 Steps should be taken to ensure that a performing arts event is a vital part of a trade event overseas. The senior level co-operation of DCMS and British Trade International is applauded but such co-operation at grass roots level is what is needed if positive results are to be achieved.
- 5.12 Arts organisations should be encouraged to consider ways of making Government officials more aware of UK performing companies. At its most basic this could entail briefing consulate staff whenever opportunities arise, but a more ambitious approach would be for there to be a performing arts dimension to an overseas trade mission.

- 5.13 The performing arts are an important way of promoting the British way of life: as such no opportunity should be missed for a performing arts dimension to every official Government visit.
- 5.14 Consideration should be given to ensuring that when cultural attaches (or their current equivalent) are appointed they have some appropriate specialist skills related to the performing arts.
- 5.15 One organisation is already structured to promote British arts abroad: the British Council. It is a widely respected organisation with an extensive network of offices so it would be logical for this to be developed to assist the commercial as well as grant aided sectors. Whilst the British Council is autonomous, its ability to work easily with embassies abroad means it could be vital in opening doors, a service that is desperately needed by small organisations venturing into a foreign market for the first time.
- 5.16 The Council is not, of course, a funding body, being structured to market British arts internationally. Recently this has led to developing consortia and brokering deals to allow projects to happen. The Council is thus in a position to support the export of performing arts and clearly could do more if funding is provided. This is relevant in terms of the commercial sector where the Council is not significantly involved at present.
- 5.17 There is clearly a potential role for the Council to offer quality local market intelligence to exporters. This could range from knowledge of local conditions to making contacts with those providing professional (eg financial) services.
- 5.18 Whilst increased funding for the Council to achieve these goals is urged, the possibility of partnership with others should be investigated. A local company could provide services to an arts organisation in return for the profile that association with the organisation would bring.
- 5.19 It should be recognised that performing arts companies have for many years provided outreach activities. More could be done to increase the valuable opportunities they give for reaching other walks of life.
- 5.20 Whilst the above are to an extent 'attitudinal', general encouragement to the sector to address rather than shun the challenges of exporting could be given by way of expert 'know how': workshops or seminars. This is particularly important for the small scale or first time would-be exporter.
- 5.21 Of particular help to the sector would be the provision of an information source, from possible funds across to exporting 'know how'.
- 5.22 In line with other arts sectors, the Performing Arts Cluster Group in the words of the Government's competitiveness white paper should press for 'the removal of barriers to international trade and oppose unnecessarily burdensome regulations from whatever source'.

## Annex 1

## MEMBERS OF THE PERFORMING ARTS CLUSTER GROUP

Rupert Rhymes (Chair)	The Society of London Theatre and Theatrical Management Association
John Ashford	The Place
Venu Dhupa	Nottingham Playhouse
Libby MacNamara	Association of British Orchestras
Jatinder Verma	Tara Arts Group Ltd

## Note

The Group also consulted a wide range of other organisations in compiling this document but cannot claim to have made a comprehensive survey.

## Annex 2

## BRITISH TRADE INTERNATIONAL SERVICES

British Trade International offers British exporters a wide range of established support services. These are delivered through:

## Business Links

British Trade International Market desks (covering the UK's top 80 export destinations)  
British Trade International Export Market Information Centre (EMIC) based in Central London  
National Assembly for Wales  
Scottish Trade International  
Trade International Northern Ireland  
Overseas Posts  
Internet – <http://www.brittrade.com>

## Established services include:

Information and guidance from local export teams.  
Advice and information from British Trade International Market desks  
Consultation with Export Promoters (private sector exports on loan to British Trade International)  
Help with meeting language and cultural requirements

An extensive list of free and priced publications  
Free export library facilities  
Export library research support  
Market Information tailored to enquirer's needs  
Help with identifying suitable agent/distributors/partners  
Publicity support for new or innovative UK product or services  
Help with bringing key contacts to the UK  
Accompanies visits (selected markets)  
Free professional marketing advice  
Export marketing services  
Grant supported trade missions  
Grant supported trade fairs  
Inward trade missions

In addition, DTI Ministers have recently announced a number of new export initiatives in response to the Export Forum recommendations. These are particularly geared towards the needs of smaller firms and include:

## The Export Explorer Programme

To introduce new and inexperienced exporters to European markets, Its aim is for 1000 small companies, currently not exporting actively, to take part in the programme in its first year.

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## Target Markets

The adoption of the Export Forum's recommendation to focus trade promotion assistance for experience exporters more closely on the under-exploited and newly emerging markets.



**Department for Culture, Media and Sport**

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