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**Strategies for Creative Industry Development,
Case of Thailand**

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Strategies for Creative Industry Development, Case of Thailand¹

Motohiro Kurokawa²

1. Introduction

Middle income countries like Thailand have been achieving economic growth through successful industrialization, governments are currently eager to upgrade their industrial sector by enhancing creative industry. This perspective is crucial for middle income country to escape from ‘middle income trap’, by remaking economic growth with labor shortage. Creative industry is usually defined as knowledge-intensive industry, source of those are intangible goods such are, high-end technology, methodology, system or design, usually brought by skilled human resources. Amongst industrial sectors, art industry, media industry, software industry or design oriented products are sort of it, to develop and improve those economic activities, there must be essential needs to provide different types industrial policies and human resource development program, if we compare to the period when those middle income countries had been promoting capital intensive industries.

In this study, Thailand is mainly taken as a case, current policies regarding creative industry development is reviewed, effectiveness and feasibilities of those are the main issues to discuss. In Thai, Ministry of Industry is focusing on creative industry development to strengthen industrial structure, and Ministry of Commerce is interested in the industries for their export promotion. Additionally, Office of Prime Minister is also supporting perspectives above, the word ‘creative’ is adopted 46 times in the 11th National Economic and Social Development Plan, currently in the process.

This paper is composed with 5 chapters, definition and present situation of creative industry are discussed in the second chapter, and feasible policy options as lessons from different countries and potentials of Thai are reviewed in the third chapter, then in the fourth chapter, industrial policies in Thailand is analyzed. The fifth chapter is a conclusion part.

2. Definition and Coverage of creative industry

In this chapter, creative industry is originally defined and its potential as a strategic export goods is explained through some export statistics.

Basic framework of ‘creative industry’ is firstly defined in UK, then spread around

European regions, each country has selected different industrial sectors in line with their strength and interests. As shown in Table 2.1, typical industrial sectors categorized as creative industry are mainly 13 sectors³. Considering each characteristics, it is not difficult to understand those as creative economic activities. UNCTAD (2008) explains, in combination with human capital, Structural or institutional capital, social capital and cultural capital are resource of creative goods and services, listed industries are definitely within the range.

Table 2.1 Target industrial sectors by country

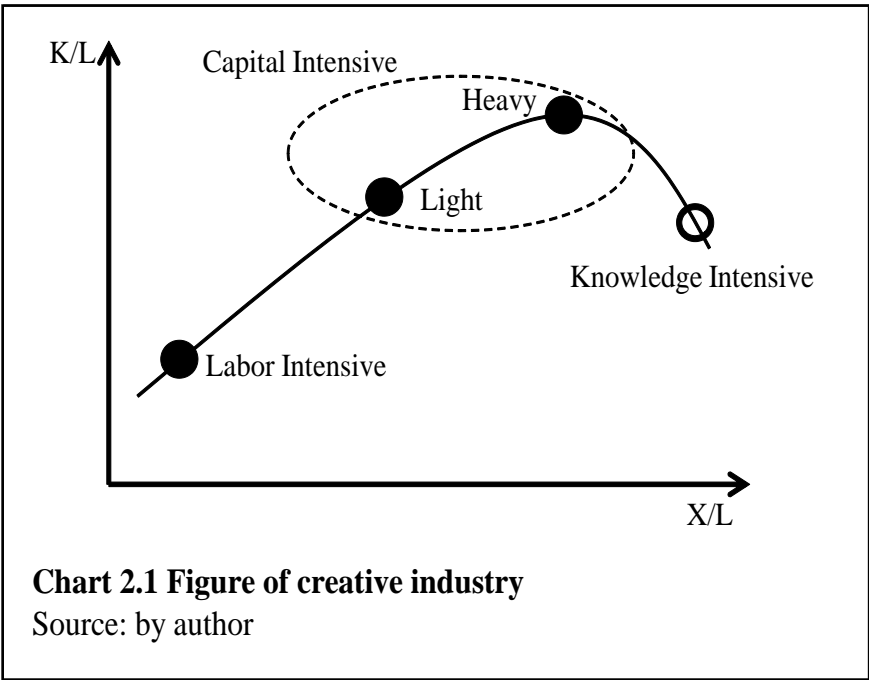
	UK	Germany	Spain	France	Thailand
Architecture	*	*		*	
Audio-visual (film, TV, radio)	*			*	*
Performing arts	*	*	*	*	
Libraries			*	*	
Design	*	*			*
Art market	*	*	*	*	
publishing	*	*	*	*	*
Fashion	*				*
Software / multimedia	*	*			*
Museums / cultural heritage			*	*	Thai food, Traditional medication
Music	*	*	*	*	
Crafts	*				*
Advertising	*	*			

Source: BOP Consulting (2010), Ministry of Industry, Thailand

In the very right hand row, selections by the Thai government are shown there, in addition to increase modern sectors, they are planning to utilize cultural capital, which is quite feasible idea in terms that abundant capital should be fully used to raise comparative advantage.

Chart 2.1 is trying to define creative industry among various spices of industrial type. This chart is mapping typical industrial type in relation to capital-labor ratio (K/L) and labor productivities (X/L). In our general understandings, during the long term transition of industrial development, from labor intensive to capital intensive, industrial economy has succeeded to improve productivity by increasing capital-labor ratio. Thailand also accomplished to transform their main industrial sector by shifting it from labor intensive industry to capital intensive industry. But, accounting for characteristics of creative industry,

which can be summarized as knowledge intensive type, capital-labor ratio could be smaller than capital intensive industries, because it is heavily depend on human skills rather than capital input. And the fact that smaller number of knowledgeable labor efficiently bring about larger output, labor productivities is projected to be larger than capital intensive industries. Having said that, creative industry can be developed by smaller capital investment, which is adoptable for developing economies with scarce amount of capital⁴. It is also advocating middle income countries how to provide against labor shortages and increasing labor costs, economic structure with larger creative industry is supportive regime to sustain economic growth.



Among UN agencies, UNCTAD is approaching to creative industry as strategic export goods, they are providing statistics on creative economy concentrating to the area of trade related information.⁵ It must be useful data, since many countries are supporting creative industry as part of export promotion policy.

Chart 2.2 shows export amount of creative goods in the world. In recent decade, export of world total is enormously increasing in, it has performed average 10.0% of growth, from 198 billion (2002) to 454 billion US\$ (2011). It is noteworthy that the amount has quickly recovered even after the recession in 2009. Comparing exports from developed and developing economies, export from developing economies has increased 145.9% from 2002 to 2011, which is extremely larger than that of developed economies (80.7%), effects of expansion in creative goods transactions are more contributing to developing economies.⁶ In the same period, average growth of developing economies is about 10.8%, and average growth of

developed economies is about 7.3%. This means, export promotion for creative goods is functioning more in developing economies.

To reconfirm differentials among developed and developing economies, share of exporting creative goods and its transitions are shown in Chart 2.3 and 2.4.

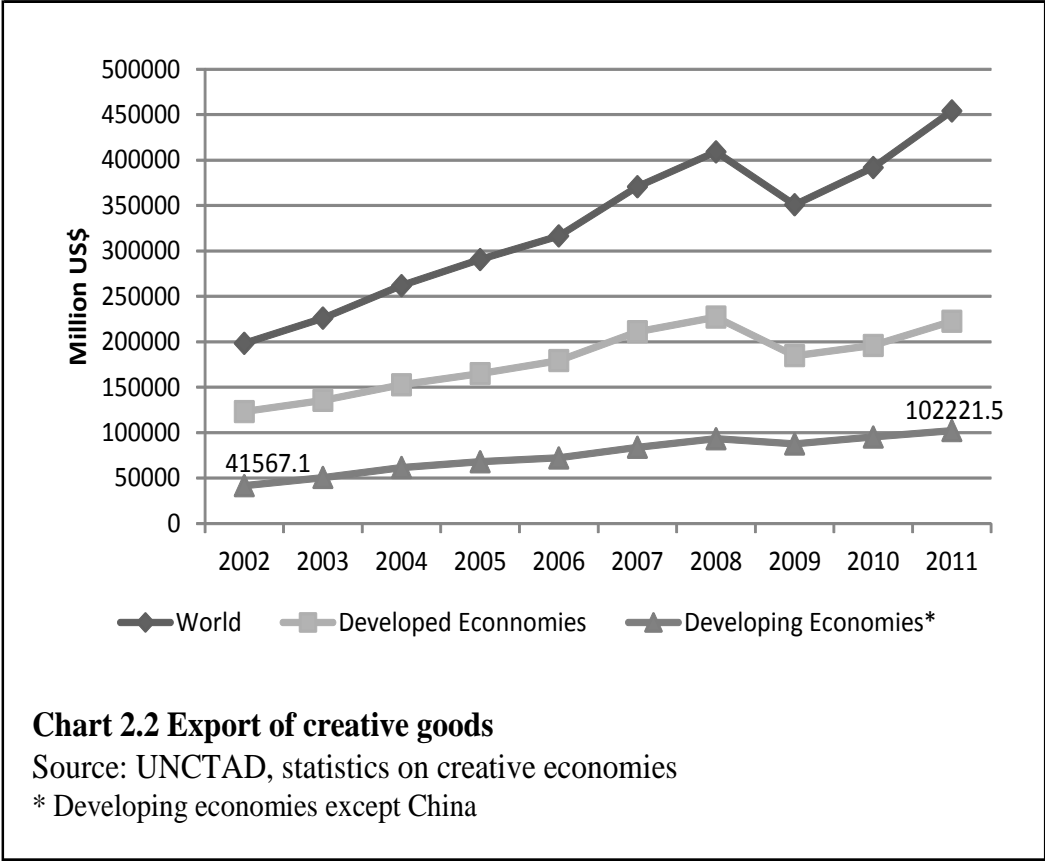


Chart 2.3 is explaining the case of developed economies. Among UNCTAD classifications, 11 crucial sectors are picked up, variety of sectors are holding certain amount of shares, in case of 2011, although Interior (17.84%) and Jewelry (17.48%) are top two sectors, Fashion (14.11%), New media (12.99%) Publishing (15.12%) and Visual arts (9.72%) are also keeping relative amount of shares. Differently, in developing economies, as in Chart 2.4, share of Jewelry is the largest, which is 35.81% in 2011 and more than doubled from 2002.⁷ But we have to be careful to the fact that fashion (15.34%), Interior (11.80%) and Toys (10.57%) are taking larger share, even though highly ranked sectors are similar to developed economies, there is a possibility that manufacturing processes of those sectors are simply transferred to developing economies and the amount of export is resulted to increase naturally, like shown in Chart 2.2. If it is true, increasing in creative goods export does not always prove the increasing creativities of developing nations, to reconfirm it, we have to seek for evidences that creative value-added process such are, designing, drawing or planning are really conducted in

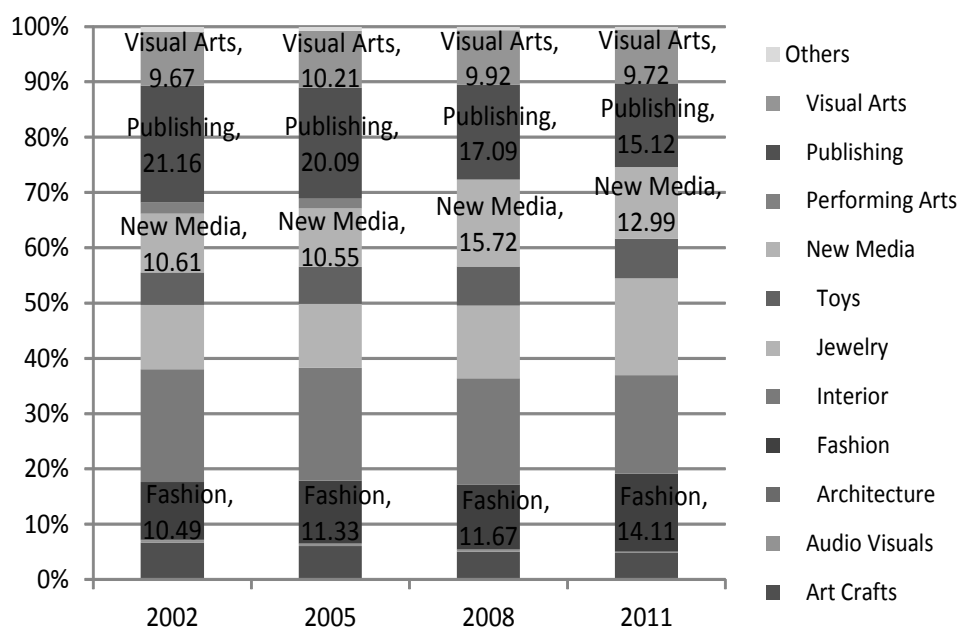


Chart 2.3 Export of creative goods from developed economies

Source: UNCTAD, statistics on creative economies

* Developing economies except China

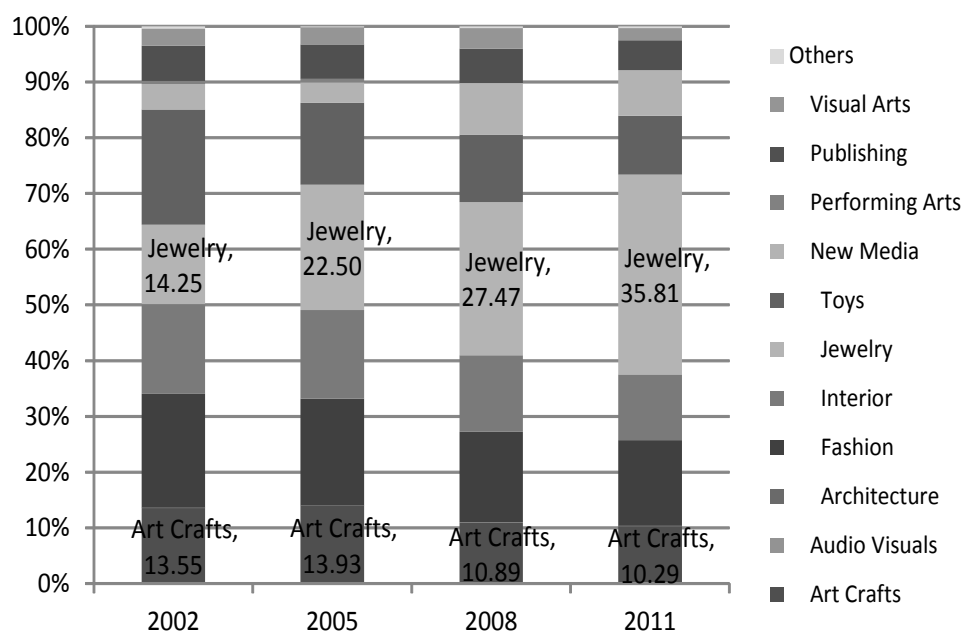


Chart 2.4 Export of creative goods from developing economies

Source: UNCTAD, statistics on creative economies

* Developing economies except China

developing economies. So, from these information, it is unclear to say that creative industry has been already growing in developing economies. But it can be said that upper processes are gradually transferred to developing economies along with production size, at least, amount of output can support potentials that the creative value-added could be implemented and conducted in near future, if it has not been available up to present moment.

3. Possible plan to promote creative industry

It is generally said in previous studies that the origin of creative industry development in policy level, it was UK government, when former Prime Minister Tony Blair announced the word “Cool Britannia” during election campaign in 1996. After he was elected in 1997, task force was immediately launched under his cabinet, which has published two reports as follows. Additionally in 1998, advisory group for creative industries export promotion was also launched, and reported the effectiveness of creative industry from the perspective on export promotion.⁸

In 1998, 1st Creative Industry Mapping Document (by Creative Industry Task Force)

In 1999, Creative Industry Exports: our hidden potential (by Creative Industries Export Promotion Advisory Group)

In 2001, 2nd Creative Industry Mapping Document (by Creative Industry Task Force)

But according to discussion by Oshita (2009), those three documents and related actions have partially contributed to the policy making, because reports were just describing facts and farther potentials, policy advocacy for development were not contained. In above mentioned period, efforts by UK government succeeded to implement the word ‘Creative Industry’ in the policy level, but actions kicked off with the word ‘Cool Britain’ has not reached to policy making level. After a while, it was finally concluded as an all-inclusive policy, when Creative Economy Program has published ‘Creative Britain’ in 2008. Oshita (2009) also raised another evidence that budget for creative economy was finally implemented in 2008, amount of 3 million pounds.

In 2007, *Staying Ahead: the Economic Performance of the UK's creative industry* (by Creative Economy Program)

In 2008, *Creative Britain: new talents for the new economy* (by Creative Economy Program)

Creative Britain, the first comprehensive policy in 2008, was mainly formed by 8 strategies, and 26 commitments are listed as a realistic program to cope with those. Before settlement of Creative Britain, Oshita (2009) says that UK government had been randomly implementing several policies for creative industry, putting scope to human resource development was one of features.⁹ Creative Britain is also emphasizing such a trend, 11 commitments out of 26 are suffering to human resource development. It is very clear that creative industry, heavily dependent upon personal knowledge, could be strengthened through human resource development.

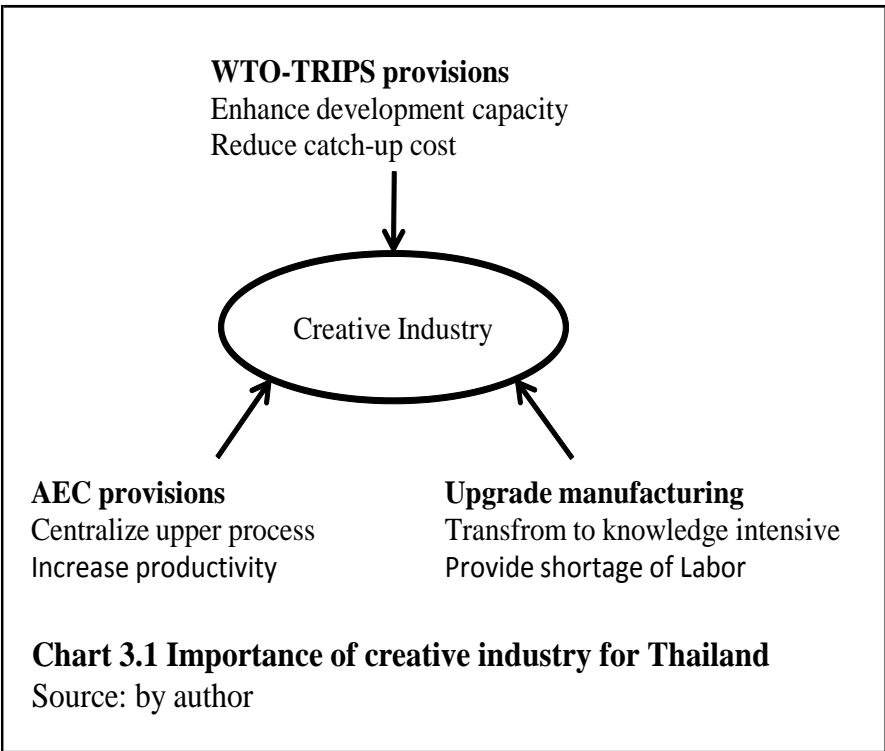
Steering body of creative Britain is basically 3 Ministries, namely DCMS, BIS and DfEE, and those are linked with committee and group functioning as proxies, additionally, various types of organizations are participating in advocacy, planning, and implementation stages. It is also an important fact that activities are decentralized and different organization implemented original program in different regions. Understanding creative industry which should be diversified, participation of variety of organizations are understandable and filled with legitimacy as methods for creative industry development.

In UK, there are two reasons that policies are characterized as above. One is decline of manufacturing sector. It also raised unemployment rate, so vocational training was strengthened under the pillar of creative industry development as provisions for it. Thus, Creative Britain naturally driven to centralize human resource development. As a second reason, there is essential needs of regional development policy to adjust regional disparities. To fulfill the needs, Creative Britain has a face to encourage regional activities, then, variety of policies are introduced in each regional level.

Chapter 3.1 is trying to explain the effectiveness to attract creative industry in Thailand, three possible evidences found from current circumstances are shown.

Firstly, as one of developing economies, Thai is classified as follower required to catch-up with technological level of developed economies. In the past, advantage for late comer was automatically given, but Trade Related Intellectual Property Rights (TRIPS) under agreement of WTO will force Thai to spend larger costs in recent situation. For sustainable growth, Thai should enhance innovative capacity to reduce catch-up costs and to be competitive in world market. Secondly, Asian Economic Committee (AEC) will bring about borderless

trade without tariff barrier. In this situation, labor intensive process/industry would transferred to surrounding countries and Thai should be responsible to hold knowledge-based process/industry. To accomplish such a role sharing in AEC region, Thai should be more creative to take care upper processes like, planning, marketing, developing and designing. Through efforts to support creative industry, human capital capable to work in those process will be incubated. Thirdly, upgrading manufacturing sector is necessary to provide against middle income trap. Increasing income has already caused increased wage and shortage of labor, Thai economy is demanding more productive industries. Creative industry can be a solution and strong driving force to upgrade Thai economy.



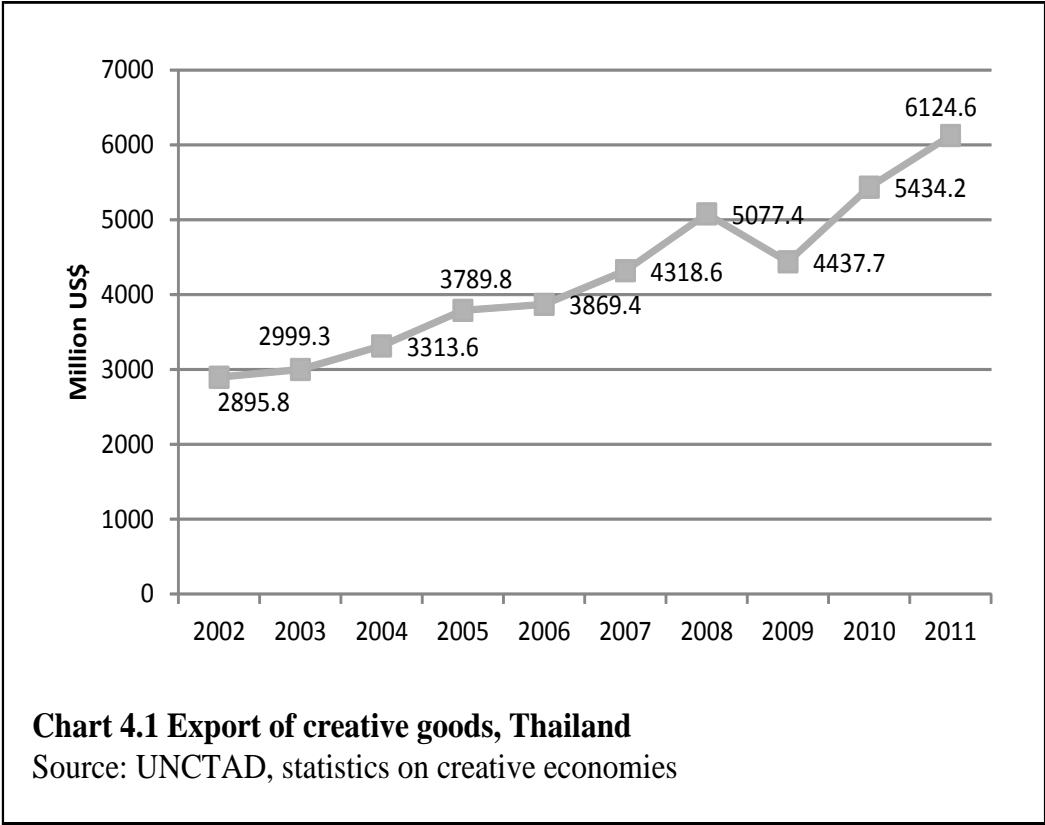
4. Creative industry development policies in Thailand

In this chapter, reconfirming potentials of the Thai creative industry by statistical information, then, projected and ongoing policies are reviewed.

Chart 4.1 is showing rapid growth of the Thai export for creative goods, which has increased from 28 billion to 61 billion US\$ in 10 years. From 2002 to 2011, before launching creative industry policy, it has grown up in average 9.14%, it is quite rapid if we are considering its economic growth in the same period, even it is smaller than average growth of total developing economies (10.08% in the same period). In recent three years from 2009 to 2011,

it is currently growing with 17.58% growth rate in average.

To know contributions of various creative industry sectors, Chart 4.2.1 and 4.2.2 are displaying export amount by the share to total world exports. The data also task to reconfirm presences and comparative advantages in world market. As in Chart 4.2.1, unfortunately, total export is losing presence from 1.46% in 2002 to 1.35% in 2011. But Paperware sector (1.43% to 3.84%) and Film sector (0.50% to 7.88%) increased in very much. Paperware sector was exporting 0.81 million US\$, and increased to 2.66 million US\$, which was 18.41% of average growth. Film sector developed from 2.26 million US\$ to 38.74 million US\$ with average growth of 44.0%.¹⁰ Those are still small amount to total, but in terms of presence to the global market, those sector can be candidates to give preferential treatment in development policy.



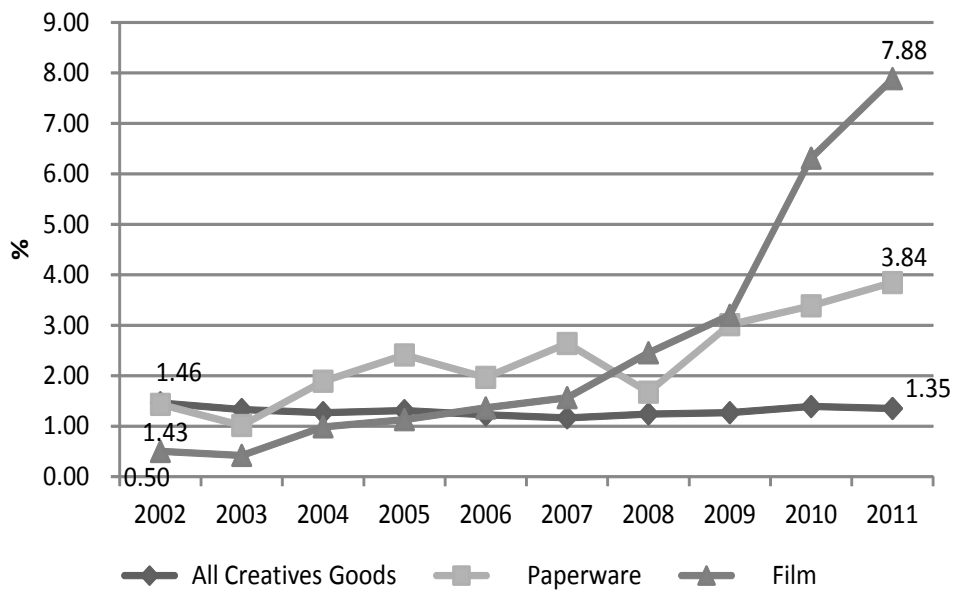


Chart 4.2.1 Export of creative goods, Thailand (% to total world)
 Source: UNCTAD, statistics on creative economies

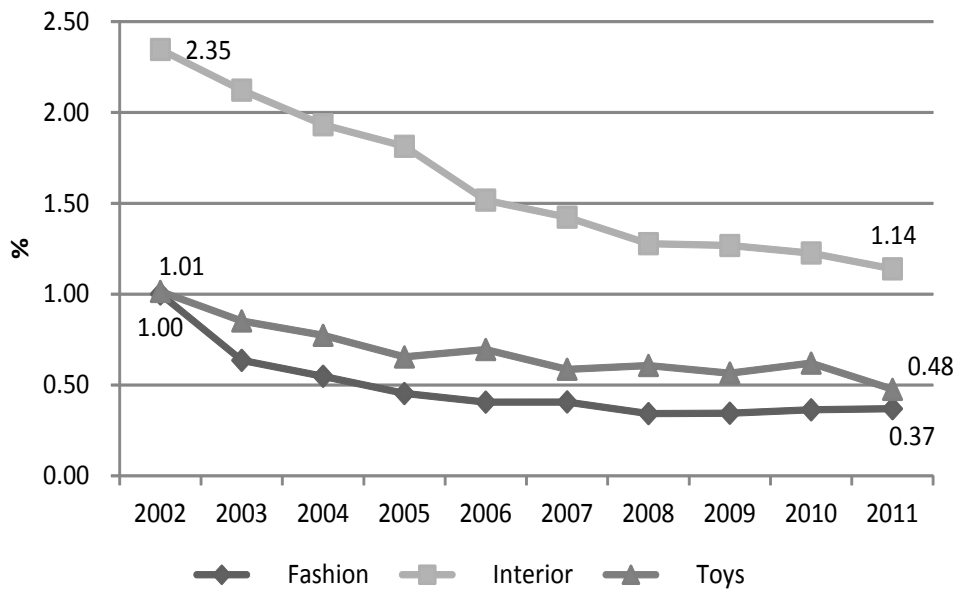
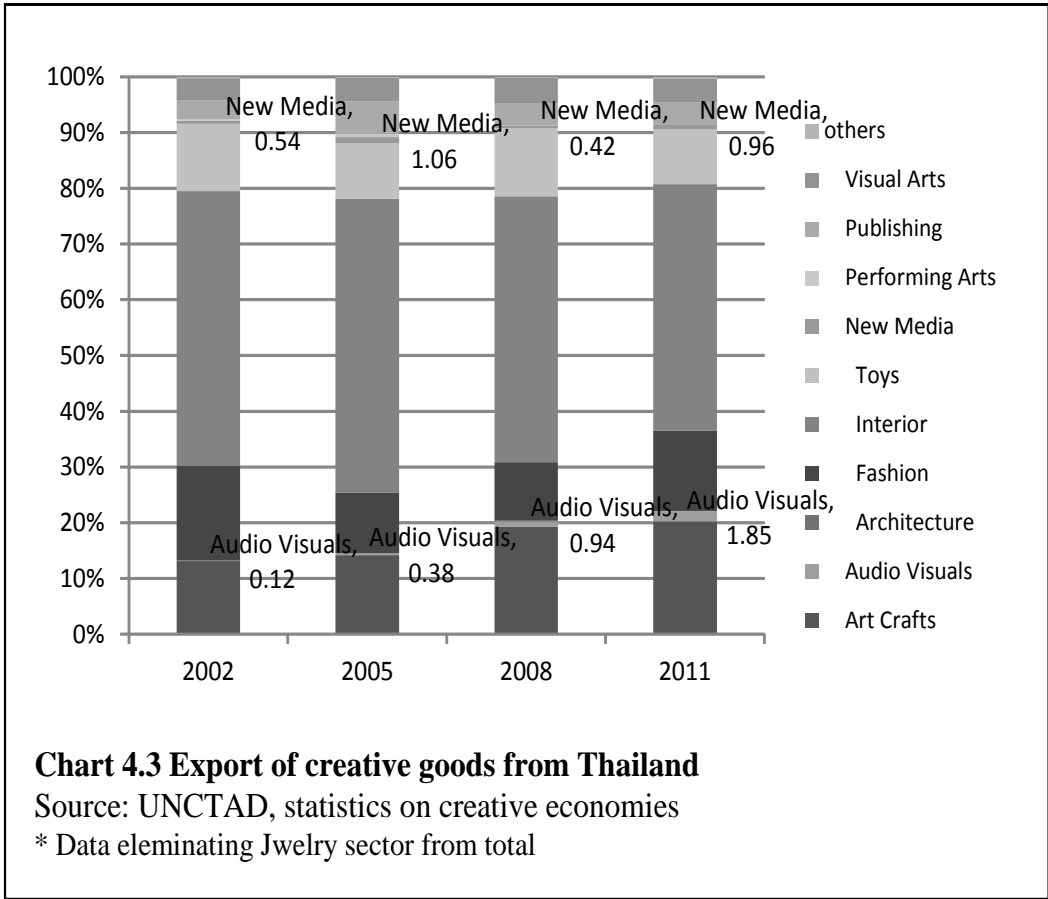


Chart 4.2.2 Export of creative goods, Thailand (% to total world)
 Source: UNCTAD, statistics on creative economies

Oppositely, as in Chart 4.2.2, Fashion, Interior and Toys sector have been decreasing

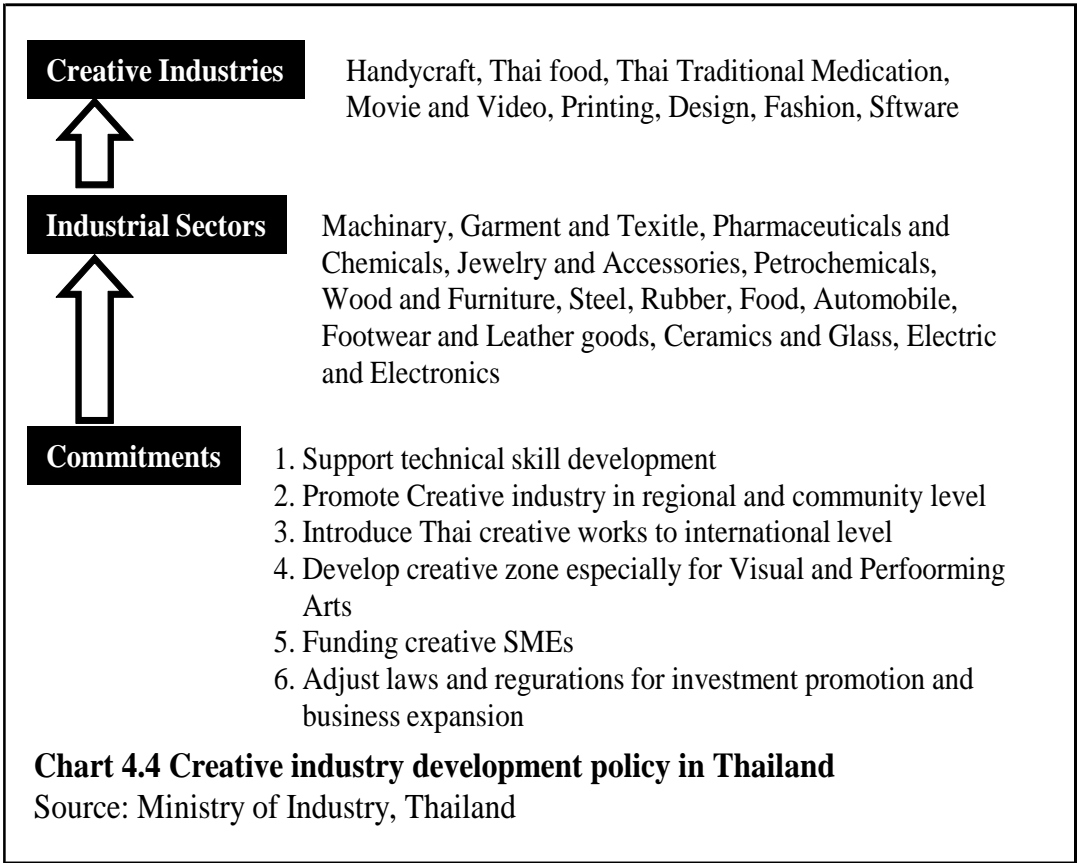
presences to the world. As far Fashion sector, it has once declined to 203 million US\$ from its 308 million in 2002, then regained to 303 in 2011. During the period, share to total export from Thailand has declined from 10.66 to 4.95%. Interior sector, formally one of leading industries accepted in global level, once increased to 1051 million US\$ from 902 million in 2002, but declined to 926 in 2011, accordingly, share in the Thai economy changed from 10.66 to 4.95%. Toys sectors has sharply declined from 221 to 206 million US\$ from 2002 to 2011, share in Thai also decreased from 7.64 to 3.36%.

Chart 4.3 is expressing transition of components of creative goods export from 2002 to 2011. In Thailand Jewelry sector has performed in different level, it increased from 1 billion to 4 billion US\$ during a decade, ranked in the top in Thailand. It is the largest component, that share is 65.75% in 2011, heavily concentrating if we compare to average developing economies. So, Jewelry industry is eliminated from this chart to see smaller sectors precisely. Except Jewelry sector, Interior, Art craft and fashion sectors are relatively larger, similar trend to typical developing economies. On the other hand, growth of Audio visuals and New media are notable points. It is clear to understand the growth of Audio visuals, which is due to the rapid growth of film industry.



About New media, Video game sector, one of components has been growing very well. It was only 0.19 million US\$ in 2002, but has grown to 11 million in 2011, the share has doubled. This change should be focused to design development strategies.

Creative industry development policy in Thailand, a comprehensive framework, has just launched in recent years. In Chart 4.4, brief strategy is summarized, which is driven by Ministry of Industry. As in Table 2.1, the Thai government has selected 8 sectors for targeting activities, and 13 industrial sectors and 2 sectors are defined as related economic activities. To promote those industry, Ministry of Industry has provided 6 commitments. Commitment 1 is to strengthen capabilities of related human resource in Thai, it is a basement to attract creative industry known as knowledge-intensive activities. If the program will be designed with involvement of capacity development for creativity, not only technological skill training, educated human resource will be a future potential for Thai creative industry in the long run. Learning from experience in UK, spreading creative economy to regions will cope with regional economic development and cultural industry could be developed through supports.



Commitment 4, 5 and 6 will support creative industry in present by providing infrastructure to grow up. Like in Commitment 3, government are apt to think such a marketing support is sufficient to increase business amount and export, but in advance, capacity

development should be proceeded to raise attractive qualities of the industry. In the case of Thai government, most of provisions are projected to do so, this strategy can be highly evaluated as a productive support from public sector.

5. Conclusions

In this paper, development strategy for creative industry is mainly discussed, through the enhancement of definitions and characteristics of it, possible options are figured out and review of UK experiences supported suggestions.

Encouraging creative industry seems to be easier. Marketing support, events, exhibitions, designer's contests and any other promotional activities are easily implemented in many case which actually feasible to explore markets in the short run. But, if the government really hope to strengthen creative industries, policy should be based upon human resource development and preparation of platform for growth. From that perspectives, announcement and commitment by the Thai government are putting those points as core, feasibility of Thai strategy is reaching to acceptable level.

In this paper, trade related statistics are singly referred, it is usable to know potentials of creative industry as export goods, but failed to reconfirm production size, which is left for farther studies. To analyze real potentials, more production based statistics, such are value-added, labor force, number of enterprises or investment, are demanded by estimating and accumulating creative industries.

Importance of human resource development is emphasized in this paper, feature of creative human resource can be defined and specific training program to incubate them will be demonstrated in the farther study.

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³ UNCTAD and WIPO are differently selecting industries, one is for providing trade-related statistics, the other is for intellectual property rights protection, but those are quite overwrapped.

⁴ In this argument, investment for human capital occurring in advance is ignored and mainly concentrating on production level.

⁵ <http://unctadstat.unctad.org/>

⁶ Data for developing economies are excluding data of China due to the huge share, holding around 50% of total developing nations.

⁷ Jewelry is said to be a potential sector, but increasing trade amount seems to be influenced by unstable material market

⁸ This advisory group was consisted by Department of culture, media and sports, Department of trade and industry, Trade partners UK, and private firms.

⁹ Some policy has implemented in elementary school level.

¹⁰ The growth of film industry is driven by government effort by attracting oversea project.
See <http://www.thainationalfilm.com/site/>.

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