



Implementation of the UNESCO 2005  
Convention on a national level.

How the "cultural exception" rule can be  
tailored to a Slovak context

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## Global revenues of selected content media (US\$ bn)



Fig. 1: Global revenue of selected content media (bn US\$, 2013 figures). Various sources.

# Worldwide Box Office

Global grosses will rise at a 6 percent annual clip, fueled by a 12 percent growth rate for the Asia Pacific region.



**Total global exports of cultural goods almost doubled from 108,4 billion USD in 2004 to 212,8 billion USD in 2013**

UNESCO, 2015 Convention Global Report, page No 124

## United States

Top service exporter with \$687.4 billion \$ in 2013, or 31 % of exports. 4.2 million direct and indirect jobs.

Intellectual property second most important source of revenue second, with 129,2 billion \$ in 2013. A record.

IP export related to audiovisual 14 % or 18 billion \$. Trade surplus in 2014 of 16,3 billion \$ according to Motion Picture Association of America.

USA proactive on IP in trade agreements:

*Special 301 Report (Report) is the result of an annual review of the state of intellectual property rights (IPR) protection and enforcement in U.S. trading partners around the world, which the Office of the United States Trade Representative (USTR)*

## **Nigeria – Nollywood**

- **3.3 billion \$**
- **Third in revenues behind Hollywood and Bollywood**
- **Second in production volume behind Bollywood**
- **Important employer, with an estimated 1 million jobs**

## **South Korea – K-pop music and films**

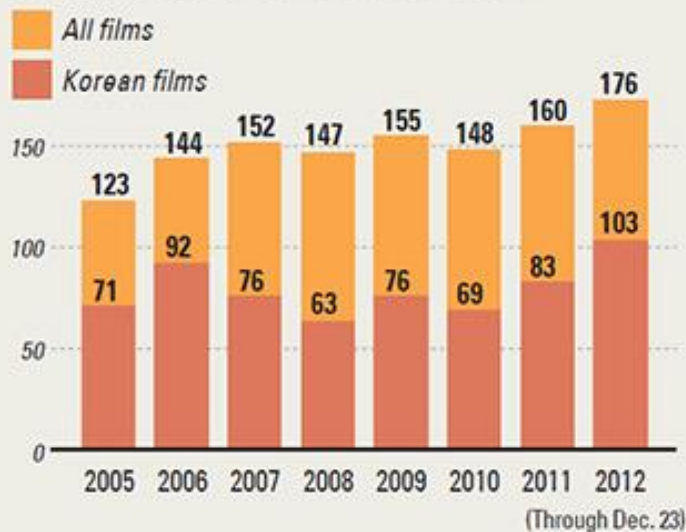
- **Cultural content exports multiplied eight times in ten years. Worth 4 billion \$ in 2011 (before “Gangnam Style”).**

## **Turkey – TV series (Egypt, Mexico, Brazil, Argentina)**

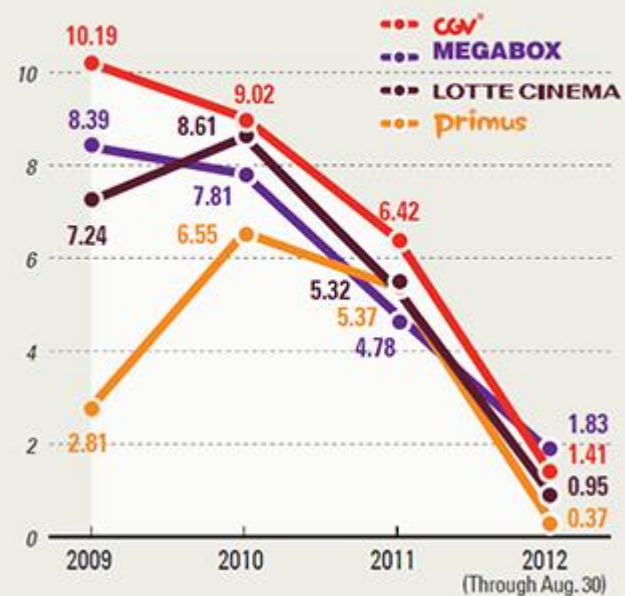
- **Exports value from 1 M\$ to 350 M\$ in 10 years. Multiplied 15 times in last five years, with 25 % increase last year. Sales in more than 100 countries.**

**Ghana – music industry worth 37 M\$ in 2012, or 0,02 % of GDP**

## Korea vs. the World: Domestic films' share of total views (Unit: million)



## Multiplex screenings of independent movies (Unit: %)





## Context

### World Trade Organization (WTO)

- Competition
- Trade barriers
- Tribunal / penalties
- Audiovisual Cultural Exception

### 2005 Convention

- Cooperation
- Preferential treatment
- Mediation
- Diversity of cultural expressions

# The Convention

## What it is

- Dual nature – economic and cultural – of cultural goods and services
- Counterweight to trade agreements
- First of its kind in international law, out of concern to humanize globalization
- A normative frame of reference that sets standards in response to shared challenges
- A legally binding international instrument
- Innovative platform for international cultural cooperation
- Policies to protect and promote the diversity of cultural expressions

## What it is not

- A convention on ethnic and linguistic diversity
- A new international obligation that subordinates pre-existing ones
- A barrier to the circulation of foreign cultural goods and services :
  - each individual has a right to access diversity from within or outside his or her country
  - “protection” refers to preservation, safeguarding and enhancement





## Response to Globalization - Shared Challenges

- Social inclusion, through inter-cultural dialogue
  - Sustainable development, taking into account culture and creative industries
  - Shared cultural experience as a contributing factor to a sense of national identity
  - The right of each culture to express itself and develop freely
  - Challenges to cultural sovereignty from the digital economy
-

# Key Concepts

- ❖ **Diversity** is understood as a capacity for expression, creativity and innovation
- ❖ **Cultural expressions** result from the contemporary creativity of individuals, groups and societies that have cultural content and are transmitted by words, sound, images and in multiple formats
- ❖ **Diversity of cultural expressions** is manifested through diverse modes of artistic creation, production, distribution, whatever the means and technologies used



## Key Message

It ensures all citizens, especially artists, cultural professionals & creative practitioners that they can create, produce, disseminate & enjoy a diversity of cultural goods and services

# What do We Mean by...

- - **Cultural industries**

produce and distribute contemporary cultural expressions  
[as cultural goods or services]

- **Cultural policies and measures**

policies that have an effect on the *creation, production, dissemination, distribution* of and *access* to cultural goods and services



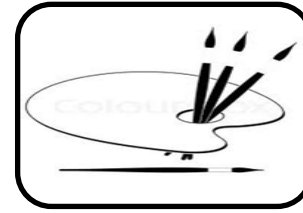
Music CDs



Sculpture



Books &  
Magazines



Paintings



Theatre  
performances



Films



Live  
Concerts



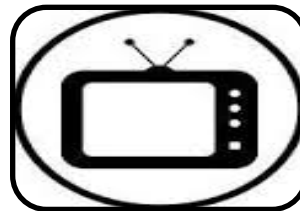
Photography



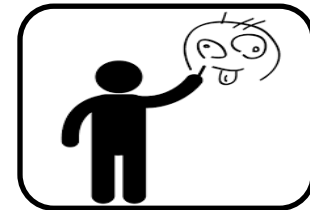
Festivals



Contemporary Dance  
performances



Television & Radio



Street Art

# CANADA

36 million Canadians (2016)

10 % of US population

6.8 million French speaking, 85 % in Quebec province

1.2 million natives speaking 52 distinct languages

6 million immigrants from 200 countries /150 languages

# ECONOMY

Canada-US trade 85 %

Nearly nine million U.S. jobs and 1.9 million Canadian jobs depend on trade and investment with Canada

Free-trade agreement in 1987; Mexico in 1994 (NAFTA)

Tariff and non-tariff barriers: policies and regulations

# CULTURAL INDUSTRIES

More than 630,000 jobs or 3.5% of total in 2014.

3.0% of GDP, or \$54.6 billion in economic activity

Includes cultural products (goods and services) generated by cultural industries and non-culture industries alike.

*A theatre, for example, may contribute to Canada's GDP based on ticket sales, but also based on food and drink sales – a non-cultural good.*

Australia (3.1 %), France (2.8 %), US (3.3 %), UK (5.8 %)  
(OECD, 2003)

EU (4,4 %) and 8.5 million jobs (twice the car industry / higher proportion of young people than other sector)



# MIXED ECONOMY

## Consumer spending

\$25.1 billion on culture goods and services in 2005

5% higher than combined \$24 billion spending on furniture, appliances and tools

Three times larger than the \$7.9 billion spent by all levels of government in 2007 – National, provincial, local

In 2005, spending on live performing arts was double spent on live sports events

# CULTURAL SOVEREIGNTY

Nearly 90% of Canadians live within 200 km of the Canada US border

Roughly a third in rural communities

Access to US radio and TV stations early on

Hollywood star system

Netflix, YouTube, Amazon

## PUBLIC SUPPORT

Nearly nine in ten respondents (87%) believe that “the work of artists is useful for Quebec society”.

In general, 77% of respondents believe that the arts and culture are important to them.

Annual arts participation rates are 78% for cinemas, 71% for the performing arts, and 49% for museums.

Source : Public perception of the arts and culture in Quebec, Union des artistes, September 2015

# POLICIES AND MEASURES

Protect and promote our diversity of cultural expressions

If we don't affirm ourselves, leave space to others

Must be as professional / high level

Audiences:

- Multiplatform
- Sophisticated
- Bilingual / multilingual



# POLICIES AND MEASURES

An elaborate system to support diversity

Adapted to realities of English and French markets

Taking into account first nations, cultural communities and people with special needs

- Direct subsidies
- The critical role of broadcasters
- Ownership and foreign investments
- Copyright protection
- Provincial and municipal support
- International Promotion

# RADIO QUOTAS

Céline Dion

Alanis Morissette

Shania Twain

Bryan Adams

Rush

BTO

Simple Plan

K.D. Lang

Michael Bublé

Avril Lavigne

Nelly Furtado

Diana Krall

From their home base, artists of international reputation

With them, recording studios, agents, producers, distributors

# PERFORMING ARTS


Includes theatre, dance, music, singers and variety shows

9,5 M tickets in 2016. 74 % taken. 90 % paid / 10 % offered

- 73 % theatre
- 70 % dance
- 67 % music
- 78 % singers
- 77 % variety shows

Concerts from singers in the local language, French, up 20 % in 2015 and 36 % in 2016

Best results since 2006



*Canada's cultural and recreational industries make invaluable contributions to our society. They help grow our economy, reflect our creativity and diversity, and strengthen our understanding of what it means to be Canadian.*

Prime Minister Justin Trudeau  
29 July 2017





# Powers of the National Government

1. Taxing Power
2. Borrowing Power
3. Spending Power
4. Power to Legislate
5. Power to Regulate
6. Sovereignty

# 1. Taxing - to regulate

- Tax credits
- Reduced VAT
- Import duties

# 2. Borrowing - to subsidize

- Loan guarantee
- Interest Rate Subsidy
- Equity participation

# 3. Spending - as incentives

- Procurement
- Grant and Subsidy
- Compliance

#### 4. Legislate – to achieve policy

- Enact, alter and repeal laws
- Conduct hearings and investigations
- Enforcement

#### 5. Regulate – to compensate market failures

- Licensing and conditions
- Rates and fees
- Compliance monitoring

#### 6. Sovereignty – to affirm national identity

- Sign and implement international treaties
- International relations and trade regulation
- Border protection

## Measures

1. Cultural exemption in trade treaties
2. Financial assistance: subsidies, loans, guarantees, capital investment
3. Fiscal: VAT, import duties, tax credit
4. Price regulation wholesale/retail
5. Creators compensation: copyright
6. Labor relations – unions, collective bargaining, status of the artist
7. Rules of national origin: certification, obligations, benefits
8. Ownership rules – national, competition, concentration
9. Public institutions

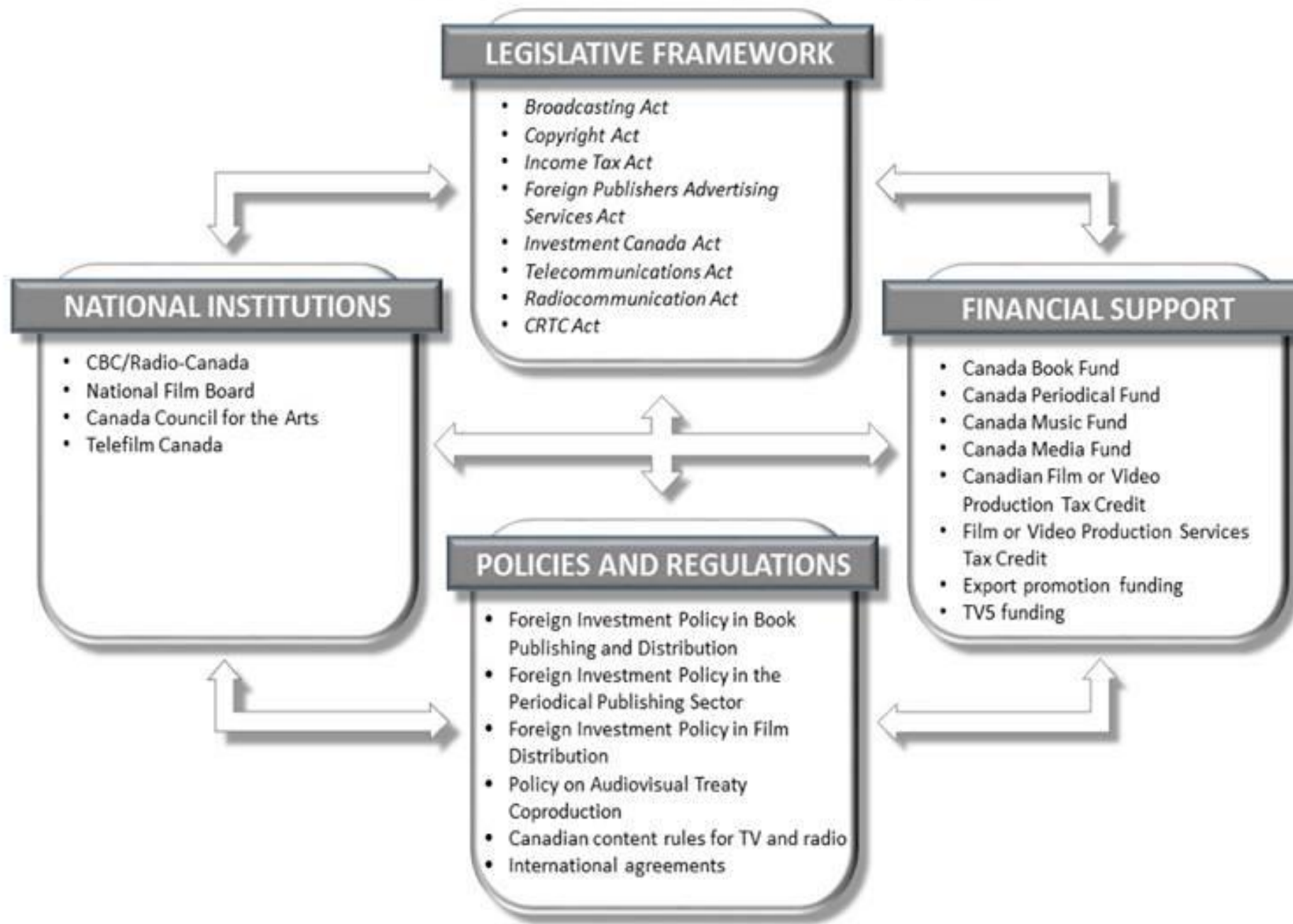
## Value Chain

1. Education and training
2. Research and development
3. Creation
4. Production
5. Distribution: wholesale / retail
6. Promotion: national / international
7. Consumption
  - Audience development
  - Language policy (i.e. dubbing)
8. Enjoyment
  - Arts education
  - Access
  - Right to artistic freedom / minorities

Supply-side

Demand-side

# FEDERAL CULTURAL POLICY TOOLKIT



## Performers (Canada)

plus du trois quarts des 8400 membres de l'UDA gagnent moins de 20 000 \$ par an

faible revenu de 25 000 \$ / an, comme défini par le gouvernement.

<b>Moyenne des revenus</b>	<b>2016</b>	<b>2015</b>	<b>2005</b>
parmi les membres ayant reçu des revenus de plus de 1 \$	21 450 \$	21 736 \$	19 126 \$
parmi tous les membres	15 334 \$	16 515 \$	14 709 \$

## Performers (Canada)

<b>Membre actifs de l'UDA</b>	<b>2016</b>		<b>2015</b>		<b>2005</b>	
Total	8 435	100 %	8 373	100 %	6 807	100 %
dont, membres n'ayant reçu aucun revenu	2 405	29 %	2 011	24 %	1 572	23 %
dont, membres ayant reçu des revenus de plus de 1 \$	6 030	71 %	6 362	76 %	5 235	77 %

<b>Revenus par tranche</b>	<b>2016</b>		<b>2015</b>		<b>2005</b>	
Entre 1 \$ et 19 999 \$	4 586	76 %	4 897	77 %	4033	77 %
Entre 20 000 \$ et 49 999 \$	760	13 %	732	12 %	676	13 %
Entre 50 000 \$ et 99 999 \$	369	6 %	391	6 %	307	6 %
Plus de 100 000 \$	315	5 %	342	5 %	219	4 %

## Greater Montreal (Canada)

- 82 000 jobs in cultural sector (2013), or 4 % of total
- 70 % of employment in Quebec province
- Income 7 % lower (\$ 43,500 compared to \$ 46 800)
  - video games (67 300 \$),
  - radio and television (66 600 \$)
  - publishing (62 800 \$)
  - film and video (49 100 \$)
- A quarter self-employed, more than twice other industries. 80 % with artists, writers and performers.



# Europe

**90% of visual artists freelancers: Low and irregular income - often below minimum wage**

Work an average of 47 hours/week = **134% of full time**

**64% make less than 1 300 Eur per month**

**70% no compensation when caring for sick children**

**50% no compensation when they are sick themselves**

**67% no unemployment benefit**

Katarina Jönsson Norling, Mats Söderlund, Konstnärernas

Riksorganisation - KRO, Sweden

Social Security and Mobility of Visual Artists in Europe Workshop -

IAA Europe

November 4, 2016 in Berlin, Germany

## Authors (UK)

Just five per cent of authors earning 42.3 % of all income from professional writers, and a struggle for those working in non-fiction and academia.

Just 11.5 % of professional authors were able to make a living from their work, without having an additional salary, compared with 40 per cent in 2005

A typical professional writer, it found, earned just £11,000 annually; less than the minimum wage.

Women were found to earn 80 per cent of the income of their male counterparts.

[Authors' Licensing and Collecting Society \(ALCS\).](#)

# France

## **Contribution of the cultural industries to the development of France, 2011**

Total turnover:	<b>74.6 billion Eur</b>
Total jobs in the sector:	<b>1,228,255</b>
Visual art:	<b>19,8 billion Eur / 307,716 jobs</b>

# Slovakia

According to the report of the Statistical Office, published by SITA, September 6, 2016,  
**art is among the four worst paid sector at Slovakia:  
average income in the art sector is 72,36% of average  
income at Slovakia generally**

**The Strategy of cultural development in Slovakia 2014  
– 2020**, approved by Slovak Government in May 2014:  
The most important point is the Government's  
commitment **to increase the culture spending  
to 1 % GDP by the year 2020** (from present about 0,4 %  
GDP)

# Slovakia

**Fund for Support of Art (Slovakia)** in 2016 and 2017, compared with 2014:

plus 50% more money to support the creation in 2018, compared with 2014:

plus 100% more money to support the creation

## **Flat expenses deduction on tax reduction - Slovakia**

2011 – proposal of government: maximum 40% of income, totally 2 400 Eur (Slovak Coalition for Cultural Diversity organized protests against this proposal)

2012 – approved maximum 40% of income, totally 5 040 Eur

2017 – maximum 60% of income, totally 20 000 Eur

## Status of the Artist Act

- Labour relations regime
- Legal recognition to associations representing self-employed artists
- Exclusive right to negotiate with producers for the purpose of entering into scale agreements
- Minimum terms and conditions for provision of artists' services and other related matters
- Artist free to negotiate with a producer but no less advantageous to the artist than collective agreement.

## Status of the Artist Act

- Nothing in the act requires a producer to negotiate with the artists' association despite recognition or requires producers to form groups for the purpose of negotiations with artists' associations.
- Association nationale des éditeurs des livres (ANEL), for example, has refused to resume broken-off negotiations for a minimum terms agreement with Union des écrivaines et écrivains québécois (UNEQ), which was recognized by the Commission to negotiate for all writers

## Status of the Artist Act

National Gallery of Canada Agreement

In 2015, CARFAC and RAAV ratified first scale agreement with the National Gallery of Canada.

Minimum fee for the use of existing works

Applies to living Canadian artists

Three-year term before renegotiated



## Copyright Act

The *Status of the Artist Act* defines artists as independent contractors, who are authors within the meaning of the *Copyright Act*

Copyright board, administrative tribunal sets minimum tariffs

Collective societies

- a) file a proposed tariff with the Board; or
- b) enter into agreements with users.

## Income Tax Act

- Need to qualify as self-employed
- Amortize musical instruments and costly equipment
- VAT rebate
- Carry over expenses to year revenue is generated
- Quebec province, artists can deduct copyright royalties from their revenues
- No income tax on study grants and awards (QC)
- Since 2004, deduct income-averaging annuity.  
Lower tax rate when received, to the benefit of artist