



T&T's Creative Economy...

There has been much debate and controversy surrounding the TT\$480 million spent on the latest construction project in Trinidad and Tobago, the National Academy for Performing Arts, that opened on 9 November 2009. Whether or not you were for or against the building of this facility, it is open and ready for business: So what now? How can our economy benefit from this academy, particularly with regard to the country's quest to achieve 'developed nation' status, as outlined in the government's 2020 plan? Already the sounds of sweet parang fill the air, Christmas goodies are out on the shelves and people are gearing up for Carnival 2K10. All of the events surrounding these festivities, but not limited to them, showcase Trinidad and Tobago's diverse culture as well as the wealth of talent that we are blessed with, and make up all the components of our *creative economy*.

The creative economy is a developing concept that is "centred on the dynamics of the creative industries". These industries are arts and culture-related and are said to provide direct economic benefits to states and communities. Arts and culture can play a major role in community development as it creates new jobs through various activities ranging from arts and crafts, publishing, music and visual and performing arts to more technology and service-oriented activities such as film, television broadcasting and the like. As a complement to community development, arts and culture are said to enrich local amenities as it fosters an attractive environment for young professionals and can become a sustainable source of revenue contributing to community and local economic growth.

According to the United Nation's Creative Economy Report 2008, this new concept is centralized around that fact that "creativity, knowledge and access to information are increasingly recognized as powerful engines driving economic growth and promoting development in a globalizing world". The economic aspects of creative industries are sourced from the various avenues that foster income generation, recruitment and development of a skilled workforce thus increasing employment and enhancing social and human development.

Facts from the United Nations 2008 Report

In 2005, 3.4% (US\$424.2 billion) of total world trade accounted for the exports of creative goods and services which use creative and intellectual capital as primary inputs. With the creative industry dubbed "among the most dynamic sectors in world trade" today, one can expect to see continued growth in the international trade of creative goods and services. Europe and North America are booming with creative cities rejuvenating the economy through cultural and social development thus generating jobs of particular interest to the younger generation. It is reported that from 1999-2003, "the turnover of the European creative industries amounted to € 654 billion, growing 12.3% faster than the overall economy of the European Union and employing over 5.6 million people". The exports of creative-related goods to developing countries

is also growing as these countries play 'catch-up' in an effort to provide value-added products to the global markets. It is reported that from 1996-2005, exports to these countries more than doubled, growing from a nominal US\$51 billion to US\$274 billion. The numbers provide evidence of the fact that demand for creative products to boost creative industries can multiply and eventually lead to making a significant contribution to economic growth. One of the examples pointed out in the report as a good illustration of a creative city is that of London. London's creative industries comprise the second biggest sector in the London economy. Studies show that from 1995-2001 this famous city's creative industries grew faster than any other major industry except for financial and business services and accounted for between 20% and 25% of job growth in the city over this period.

So how do we strive to further develop our creative economy? The UN Report lists the major drivers for growth in the creative industries as technology, demand and tourism. The merger of multimedia and telecommunications technologies is reported to have driven the way in which creative content is produced, distributed and consumed thus promoting new ways for creative and artistic expression. It should come as no surprise that demand, the basic law of economics, will be a key driver for growth in the creative economy and is dependent on many other factors such as price and income. Tourism, on the other hand, is said to help fuel the growth of those creative industries by selling creative goods and cultural services in the tourism market. The cultural sector can contribute to tourism through the demand for visits to historical sites, museums, galleries and the like, as well as attendance to operas, musicals and theatrical performances.

According to the 2008 Travel and Competitiveness Report, Trinidad and Tobago's Travel and Tourism Industry accounted for 4.4% of GDP and 5.0% of direct employment in 2008. The industry's contribution to GDP is forecasted to increase marginally on an annual basis during the period 2009-2018 and to decrease its contribution to employment. A look at visitor-arrivals to Trinidad and Tobago shows that the total number of tourists visiting this country increased by 9.7% during the period 2000-2009. The majority of visitors usually arrives in the first quarter of the year and mainly during the months of the Carnival season while the second largest number of arrivals occurs typically in the fourth quarter during the winter months in the North. The report goes on to show that in areas such as Safety and Security, Health and Hygiene, Prioritization of Travel and Tourism, Human Resources, Natural Resources and Cultural Resources, Trinidad and Tobago is mainly at a competitive disadvantage. Trinidad and Tobago is ranked 91 out of 133 for our creative industries exports. Our Caribbean counterpart, Barbados, is ranked 3rd in the region of the Americas (a total of 26 countries) and 2nd overall for the country's affinity to Travel and Tourism, given their "positive attitude toward tourists and toward the value of tourism in the country". While tourism is only one part of the development process for the creative economy, its significance is evident and its tentacles can extend way beyond the three main factors that we boast of: sun, sand and sea.

While the economic, social and cultural aspects derived from a thriving creative economy can foster economic growth, it is also clear that it cannot be depended on solely to provide such. Analysts continue to highlight the point that diversification is key to any economy. For example, Trinidad and Tobago remains susceptible to changes in volatile commodity prices while our regional Caribbean counterparts have felt the brunt of the global recession as their tourism industry falters. Any economic slowdown leads to less consumption, especially spending on luxury items, such as tourism, as demand for necessities takes priority. Governments across the globe should therefore pay heed to the negative impact such decreases in economic activity can have, especially in developing economies, and will be well advised to put measures in place that limit such fallout. Trinidad and Tobago has a growing pool of talent and once given the right avenues and opportunities, this gift can be taken to a higher level to boost our creative economy, placing us on par with some of the top creative cities

in the world. This will only prove beneficial to the development of the country economically, and more importantly, socially.

FINANCIAL & ECONOMIC INDICATORS

As at 19 November, 2009

<u>Exchange Rate/US\$</u>	<u>Closing Value</u>	<u>Previous Week</u>
Yen	88.97	90.37
Euro	1.49	1.49
Jamaica	89.39	89.29
Guyana	204.40	204.90

<u>Commodity Prices</u>	<u>Closing Value</u>	<u>Previous Week</u>
Crude oil (US\$/bbl)	77.46	76.94
Natural Gas (US\$/mmbtu)	3.56	3.24
Gold (US\$/Troy Ounce)	1,144.60	1,103.80

Eurobond Indices (As at 19-11-09)

Lehman Brothers Global Aggregate Index (Return % YTD)	9.71
JP Morgan EMBI+ (Basis points)	311
JP Morgan Central America and Caribbean Index (CACI) (YTD return %)	33.20

<u>Policy Interest Rates (%)</u>	<u>Closing Value</u>	<u>Previous Week</u>
United States	0.15	0.12
Euro Zone	1.00	1.00
Japan	0.11	0.10
Brazil	8.75	8.75
Trinidad	6.25	6.25
Jamaica	12.50	12.50
Barbados	2.50	2.50

<u>Market Interest Rates (%)</u>	<u>Closing Value</u>	<u>Previous Week</u>
US 90-day T-Bill	0.01	0.06
US 10-Yr Treasury	3.34	3.45
3-month UK Libor	0.61	0.61
Japan 90-day T-Bill	0.28	0.28
Brazil 90-day T-Bill	8.65	9.04
TT 90-day T-Bill	1.46	1.40
Jamaica 90-day T-Bill	16.21	16.21
Barbados 90-day T-Bill	3.48	3.48

Sources: Bloomberg, J.P. Morgan, CMMB, Central Bank of Trinidad and Tobago, Bank of Jamaica, Central Bank of Barbados, www.lehman.com

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