

Thailand's National Strategy on Creative Economy

Developing Thailand's Creative Economy

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& United Nations Development Programme



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EXECUTIVE SUMMARY

Part 1: Introduction

In the past 30 years creativity has become a major factor in national development in over 100 countries from the USA to Brazil to China. Creativity uses culture, knowledge and talent to instigate change and drive innovation.

These trends are encapsulated in the term 'creative economy' which brings together creativity as a source of personal well-being and of economic growth. It marks a break with previous economic systems which tended to devalue the individual's personal involvement in their work.

Part 2: Definitions: What are we talking about?

What is a creative economy? There is no single definition universally agreed. It is a new and complex phenomenon. Many countries refer to their own culture and stage of development and design their own definition to suit their circumstances. Thailand has its own unique definition.

However, there is broad agreement on the principles, and the lack of definition has not stopped many countries from rapidly moving ahead.

We give a round-up of definitions of the main terms including creative industry, creative economy and creative ecology. We suggest that rather than fix exclusively on one model, it is wiser to choose the approach that fits each circumstance.

Part 3: Thailand's Approach

There is growing unease with the economy's dependence on traditional agriculture and industry, and its reliance on exports. Thailand is aware other countries are restructuring their economies.

Until recently, however, the Government had little information on creativity's economic impact. Government data suggests that Thailand's creative industries contributed at least

11.5% to GDP in 2008 and possibly more, but this data is based on an unusually wide definition of creative industries and lacks industry checks.

In 2009 the Prime Minister launched an ambitious and far-reaching Creative Thailand programme and in mid-2010 set up a Thai Creative Economy Office. Considerable funds are now being allocated to the creative industries, and more research is being done.

If successful, the result will be a creative ecology where more people will have a chance of expressing themselves, sharing ideas and working determinedly to succeed. We link this with Thailand's policies on inclusion and equality, and its informal economy.

Part 4: The Policy Process

The country is in the process of collecting data and developing a national strategy and an appropriate policy-making process.

The Government needs to understand the mindset of creative people, strengthen its links with micro companies, consult widely, and base its policies on data and evidence.

The creative economy, however defined, is not just another category of business alongside existing categories of agriculture, manufacturing and services. It is based on a new attitude to doing business throughout the whole economy, which is why it can bring such big rewards but also why some people dismiss it as utopian.

Macro-economic planning provides a context but cannot help us to understand all the relevant issues. Creativity happens at the level of individuals and small businesses. Working with Government institutions to change top-level structures in the hope that people's attitudes will change is not likely to be enough. Sometimes, it is better to work with people and support them in building new structures. So policy has to start with how individuals and small companies operate the opportunities and obstacles, in each market.

Government cannot be expected to know what is happening at this level. These points to a policy-making process which is inclusive and collaborative. There are currently many government institutions involved in planning the creative economy (stakeholders) but few creative people, companies and agencies. A creative economy cannot be summoned into being by Government decree. We recommend more links, both formal and informal, between creative people and the macro-planners.

As a priority, the Government should set up a new data system within the National Statistical Office (NSO). On this foundation it can increase the relevance and accuracy of research.

We propose a phased series of policy steps based on an individual's progression from childhood to school to mature business (The Ten Steps).

Part 5: Cross-Sectoral Factors

We describe the major factors that affect all sectors:

- Education
- Learning

- Knowledge Sharing
- Hubs
- Business Management Skills
- Business Models
- Added Value
- Intellectual Property
- Internet, Digital
- SMEs
- Finance
- Clusters
- Innovation
- Labour
- Regional Planning

Part 6: Conclusions and Recommendations

The creative economy is an exciting opportunity for a country to mobilise all sectors of the population so people use their own imaginations, increase their involvement in society, and contribute to the economy.

We endorse the Prime Minister's Creative Thailand initiative and the establishment of the Thai Creative Economy Office and welcome the Ministry of Commerce's comprehensive and rapid implementation. We welcome its emphasis on education, finance and infrastructure, especially nationwide broadband.

We recommend the Government take an active role in promoting the creative economy in the negotiations for the ASEAN Economic Union.

We recommend policies covering education and training, new jobs, finance, intellectual property, terms of trade, incubating value-added businesses, attracting foreign investment, promoting entertainment industries and industry events.

We support the initiative to support centres of research excellence focussed on specific topics. We recommend an intensive programme of research on market structure, added value, GDP and growth, and other issues.

The shortage of research and data may hamper the Government's ability to choose between options. Therefore, we recommend a Steering Group be appointed to ensure relevant data is collected and analysed. The Steering Group should include Government, industry and researchers. We recommend a review of the classification of creative industries and a new Information Management System (IMS).

Part 1: Introduction

The future of Thailand depends upon people's capacities and talents. These affect not only their personal well-being but the country's economic development and thus their ability to compete in an increasingly complex world. Can Thailand turn from an economy based on price-competitive agriculture and manufacturing to one based on knowledge-based value?

The UNCTAD report, 'Creative Economy', says 'Creativity, knowledge and access to information are increasingly recognised as powerful engines driving economic growth and promoting development in a globalising world'.

About 30 countries have embraced the creative economy and a further 100 countries have announced their intention of doing so by using their own culture and heritage (their own version of 'Thai-ness') and local entrepreneurial skills. Changes in creativity happen more quickly than in farming or manufacturing because of the instability of new ideas and the ease with which they cross boundaries. This is especially true with digital media and e-commerce. Thailand must work fast.

The Prime Minister Abhisit Vejjajiva announced a major initiative on the Creative Economy in 2009 with two policy goals¹; (1) to promote Thailand as a hub of creative industries in south-east Asia; and (2) to boost these industries' share of GDP from 12% to 20% of GDP by 2012. It makes 12 commitments on infrastructure, education, society, and business development.

A creative economy only succeeds if it is based on a new mindset for all society. Creativity only succeeds if it is relevant to people's daily lives: for specific people, in a specific place, and in their lives, now. Countries like Thailand that have a national planning process must adjust their planning process accordingly (unavoidably, a slow process) but there is an even greater change to be made in people's attitudes and behavior. Creativity and innovation are human qualities that are only slightly affected by government economic and social planning. But those few ways are crucial.

According to the Opinion, Bangkok Post on 15 October 2010² the Prime Minister's 'vision is a daring and ambitious one, especially for a small country like Thailand which has been

¹ Ministry of Commerce

² Editorial "Greener Path", Bangkok Post, 15 October 2010, available at <http://www.bangkokpost.com/opinion/opinion/201447/a-new-greenerpath-for-nation>

relying on export and agricultural produce to earn foreign revenue. The shift in Thailand's development paradigm will demand quite an upheaval down the line in basically every aspect of public policy and management. The government will have to change the mindset of bureaucrats...and develop enough independent institutes and organisations capable of advising the authorities'.

Thailand faces a series of questions:

- What are people's capacities?
- How can people develop their capacities, wherever they are?
- What is the role of Thai culture?
- What is the role of technology?
- Who determines who has access to resources?
- What will Thailand be like in 2020? And how will we get there?

In a sense, this last question (Where are we going?) sums up the spirit of a creative economy. Imaginative people are always travelling and usually enjoying the journey. Sometimes this sense of excitement about future possibilities seems to be missing in Thailand. Where will the vision come from?

Part 2: Definitions: What are we talking about?

2.1 No Global Standard

The first step is to define what we are talking about. There is no global standard definition of a creative economy. Both words have multiple interpretations. Moreover, many countries, including Thailand, presume creativity springs from culture and also believe their national culture to be unique. As a result, the number of definitions can seem bewildering to the newcomer.

Nonetheless, we start this report by looking at current approaches, with two warnings. Most countries start by putting a new label on existing industries as was done in Britain and is now being done in Thailand. These lists serve a purpose but no list is perfect and there are continuous and often pointless debates which the spread of digital has only compounded. Second, the creative economy cannot be reduced to a list of industries as it involves new values, new organisational forms and new ways of working. It is not just another economic category.

2.2 Creativity

The definitions must start with *creativity* as an individual's act of thinking up a new idea. Creativity is the use of ideas, both old and new, to produce new ideas. It is driven by people's desire and determination to use their imagination and to share their ideas with other people. Its hallmark is novelty: endless, surprising, unanticipated novelty. Michael Keane (2011)³, a leading expert on China's creative economy, defines it as: 'the fitting of new ideas and alternative visions to existing norms, values and patterns. It encompasses invention, differentiation, adaptation, learning, and diffusion.' Creativity may lead to personal enjoyment, to solving a problem or to a business asset; or all three. IBM's Global Chief Executive Survey⁴ of 1,500 CEOs in 2010 concluded that 'creative leadership' is today's top

³ Michael Keane's forthcoming book, "Great Expectations: Culture, Creativity and Reform in China" (2011)

⁴ IBM 2010 Global CEO Study: Creativity Selected as Most Crucial Factor for Future Success, available at <http://www-935.ibm.com/services/us/ceo/ceostudy2010/index.html>

leadership quality: 'Creativity trumps other leadership characteristics. Creative leaders are comfortable with ambiguity and experimentation. To connect with and inspire a new generation, they lead and interact in entirely new ways.'

2.3 Cultural Industries

The terms *culture and industry* were first combined in the 1930s and then again in the 1970s to refer to the American entertainment industries. *Cultural Industries* was originally used in a derogatory sense to imply that money-making drove out culture. Today, it has been taken up worldwide in the opposite sense to refer to all industries whose products convey ideas, symbols and ways of life and reflect culture values and, in some versions, are linked to pleasure (UNESCO, 2007 and Throsby, 2001). In practice, lists of cultural industries appear very similar to lists of creative industries but with the exception of sectors like software and digital media which do not fit into conventional views of culture. Because many cultural activities need government subsidy, the term is often used by the subsidised sector.

2.4 Creative Industries

A *creative industry* refers to economic activities which are creative, expressive and novel but not necessarily cultural. The original idea may constitute a product's entire value, as in a painting or song, or be combined with functional elements such as in media or software. The term first arose in Europe in the mid-1990s because governments realised that these creative sectors were playing an increasingly significant role in the economy and that they had different behaviours and business models from the then-dominant manufacturing and service industries, and therefore required different policy and regulatory approaches. Since then, it has become more generally used to denote activities whose main attribute is continuous novelty and whose values are expressive or cultural.

2.5 Creative Economy

A *creative economy* consists of creative industries' transactions. It ranges from an artist expressing a personal aesthetic in their work (the core) to collaborative processes and functional products (related sectors). Together, the core and related sectors constitute the total creative economy. A creative economy encompasses both formal and informal activities and industrial as well as non-industrial spheres.

2.6 Benchmarks of National Approaches

The NESDB has focussed on four countries for comparative purposes: Britain, Australia, Korea and Indonesia.

Britain

One of the first definitions of creative industries was made by the UK Department for Culture Media and Sport (DCMS) in 1998. It defined the creative industries as ‘industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.’

On this basis, it identified 13 creative industries:

- Advertising
- Architecture
- Art and antiques
- Crafts
- Design
- Designer fashion (clothes, accessories)
- Film and video
- Interactive leisure software
- Music
- Performing arts
- Publishing
- Software and computer services
- TV and radio

The DCMS set up a Creative Industry Task-force whose membership included virtually all government departments and industry representatives, serviced by a small Creative Industry Unit. This produced a Mapping Document in 1998, revised in 2001, and subsequently updated online⁵. The Mapping Document summarised each industry’s structure, size, main companies, and policy issues. It showed that the creative industries employed about one million people and contributed about 4% to GDP, since increased to 8%.

Twelve years on, it is clear that Britain’s definition has several constraints as a model. The 13 sectors still represent large domains of activity (and are useful for time series data) but:

- Britain did not anticipate the massive impact of digital media 2000+.
- Britain’s policies now cover a wide range of cross-industry factors such as education, community, urbanisation and inclusion
- Britain is one of the few countries that do not highlight culture as a separate industry (the USA being amongst the others).
- The British categories, like others, have been criticised for being arbitrary; for example, much of system software is not creative; the sale of antiques has no creative element.

Australia

The Australian government published a pathfinder report ‘Creative Nation’ in 1994⁶ and was one of the first countries to pick up on the British model. It does not have a single national

⁵ Available at http://webarchive.nationalarchives.gov.uk/+http://www.culture.gov.uk/reference_library/publications/4632.aspx

⁶ Creative Nation: Commonwealth Cultural Policy, October 1994, available at <http://www.nla.gov.au/creative.nation/contents.html>

definition but several states and cities have produced their own versions. The leading research centre is the Queensland University of Technology (QUT) whose Centre of Excellence for Creative Industries and Innovation groups the Cultural and Creative Industries (CCIs) into six sectors:

- Music, composition and production
- Film, television and entertainment software
- Performing arts
- Writing, publishing and print media
- Advertising, graphic design and marketing
- Architecture, visual arts and design

John Hartley, Foundation Dean at QUT, has recently suggested the creative industries (CI) develop sequentially through three stages to a more open system of creativity and innovation (Hartley, 2010). This is one of the most sophisticated models of creative industries and capture current trends in countries as diverse as USA and China:

CI-1

- Creative industry
- Closed expert innovation

CI-2

- Creative economy
- Closed business innovation

CI-3

- Creative citizens
- Open innovation

Korea

The Korean government has been in the forefront of the information society for several decades. Its policies have successfully melded the goal of encouraging national identity and culture and the practical mechanisms of economic development. It doesn't so much want to protect culture as actively promote it. It is a world leader in the provision of Internet infrastructure. According to the Korean Cultural Industry Promotion Act (1999), cultural industries include publishing and printing, advertising, film, broadcasting, digital content, video, music, animation, design, crafts, character, fine arts and games.

It is equally ambitious in supporting media content, notably through the Korean Creative Content Agency (KOCCA) which was established in 2009 to bring together several long-established specialist organisations. KOCCA covers animation, film, broadcasting, cartoons, characters, games and music and is remarkable for its single-minded focus and efficient delivery.

It defines 13 creative industries. Its list is notable for the many overlaps between digital, animation, character, video, broadcasting and, increasingly, film.

- Advertising
- Animation
- Broadcasting
- Character
- Crafts

- Design
- Digital Content
- Film
- Fine Arts
- Games
- Music
- Publishing and printing
- Video

Korea now has a powerful image worldwide as a modern, strong, highly educated and forward-looking country. This can be attributed in part to:

- Rapid, widespread Internet penetration
- Its major conglomerates (Chaebols) developed domestic design capabilities at a micro level, especially in electronics
- Highly integrated policy-making procedures.
- Strong policies to support local and regional development.
- Strong policies on national culture (e.g. film screen quota)
- Well-known cultural events (e.g. Pusan film festival and market).

Indonesia

The Government's trade and culture departments have taken a lead in developing a national strategy. The Ministry of Trade defines creative industries as industries derived from the use of creativity, skills and individual talent to create wealth and generate employment. Its Blueprint Development Plan listed 14 industries:

- Advertising
- Architecture
- Art
- Computer Service and Software
- Design
- Fashion
- Film, Video, and Photography
- Handicrafts
- Music
- Publishing & Printing
- Interactive Games
- Performing Arts
- Research and Development
- Television and Radio

Indonesia aims to make the country respected as a 'creative nation' throughout the world; to enhance the creative image of Indonesian products; to instil a creative mindset in all aspects of life; and to adjust the school curriculum to be based on creative competency. In 2009 it collaborated with the Indonesian Chamber of Commerce and Industry on a 'Roadmap of Indonesia Economic Development 2009-2014.' It has collaborated with Indonesia's Forum Graphic Digital to map the economic potential of the print and graphic design industries and developed a Prominent Creative Cities project. The government works with Statistics

Indonesia (Badan Pusat Statistik), trade associations and communities to discover the creative economy's size and economic contribution.

2.7 The Selection of Comparative Countries

Thailand's focus on the countries listed above (UK, Australia, Korea and Indonesia) is helpful in charting the history of creative economies. However, as Thailand starts to develop its own policies, it will find it more useful to widen its references to:

- ASEAN countries. The development of the Asian Economic Union (AEU) by 2015 provides ASEAN members with an opportunity to shape new regional policies. In that year, the ASEAN population will reach 625 million and its GDP is estimated to be US\$2.69 trillion. The Prime Minister has said Thailand seeks to develop the concept of 'Creative ASEAN' in line with Thailand's own policy for the creative economy.
- Countries at a similar stage of development.
- Countries with the same major sectors as Thailand (for example, craft, design and fashion which contribute 9.2% of GDP).
- Countries which prioritise culture, heritage and wisdom, like Thailand.
- Countries that operate a five year planning system, like Thailand.
- Major trading partners. China has several years' advance on Thailand in developing its creative economy and, in the first six months of 2010, replaced Japan as Thailand's biggest trading partner accounting for 10.9%⁷ of Thailand's international trade. Yet there seems relatively little exchange between Thailand and China on these matters.
- Countries with the same social and economic environments as Thailand.
- Countries that face the same policy questions as Thailand.

2.8 United Nations' Approaches

Several UN agencies have developed their own definitions, notably UNCTAD, WIPO and UNESCO.

The United Nations Conference on Trade and Development.

UNCTAD launched its creative economy initiative at its 11th session in 2004 in Brazil and published its 'Creative Economy Report' in 2008⁸, revised in 2010, which provides statistics, analysis and policy guidance. It describes a creative economy in a number of ways, saying it is 'an evolving concept based on creative assets potentially generating economic growth and development', and says the creative industries are 'cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs'. It says creative industries 'constitute a new dynamic in world trade'.

It proposes four groups:

Heritage

⁷ Ministry of Commerce, Thailand

⁸ Available at www.unctad.org/en/docs/ditc20082cer_en.pdf

- Traditional cultural expressions
- Cultural sites

Arts

- Visual arts
- Performing arts

Media

- Publishing and printed media
- Audiovisual

Functional creation

- Design
- New media
- Creative services

UNCTAD held a Policy Dialogue on Creative Economy in Bangkok in 2009. Edna Dos Santos, Chief, Creative Industries Programme, UNCTAD, has made connections between the creative economy and the green economy⁹. This reflects current thinking worldwide which increasingly sees the creative economy as much wider than culture and as overlapping with (though distinct from) innovation.

World Intellectual Property Organization

WIPO set up a Creative Industries Division in 2005 and has a comprehensive programme of analysis and support. It describes the creative industries as follows: 'Creative enterprises, those engaged in the commercial exploitation of intellectual property-based goods and services imbued with symbolic meaning (i.e. books, film, music), contribute significantly to the economic, social and cultural development of nations. These enterprises form complex networks in content-driven sectors, which in turn make up the creative industries. Their unique characteristics (i.e. original symbolic products) drive and sustain diverse cultural and customary traditions, and enhance social values. At the same time, they generate wealth, increase employment opportunities, and promote trade. Yet, their true value and potential are often underestimated and insufficiently analyzed (WIPO).

It uses this description to produce the following list:

Core copyright industries

- Advertising
- Collecting societies
- Film and video
- Music
- Performing arts
- Publishing software
- Television and radio
- Visual and graphic art

Interdependent copyright industries

- Blank recording material
- Consumer electronics
- Music instruments

⁹ UNCTAD presentation, Shanghai Creative industry Week, October, 2010

- Paper
- Photocopiers, photographic equipment

Partial copyright industries

- Architecture
- Clothing, footwear
- Design
- Fashion
- Household goods
- Toys

WIPO provides a wide range of support and analysis for developing countries. It has published several reports on the economics of creative industries, including 'The WIPO Guide to the Economic Contribution of the Copyright-Based Industries' (2003) and three series of national reports on the economics of copyright in 2006, 2008 and 2010. WIPO held a Summer School on Intellectual Property in Bangkok in May 2009 and held a course on intellectual property and the management of creative businesses in 2010.

The United Nations Educational, Scientific and Cultural Organization

UNESCO advocates the important role of the creative sector as a driver of equitable socio-economic development with the potential to promote cultural diversity. It takes the lead in establishing international normative frameworks for the development of cultural diversity notably its 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions. It also leads the normative collection of statistics on culture. The UNESCO Institute for Statistics (UIS) includes creative industries in its 'Framework for Cultural Statistics' (2009). It has developed a matrix headed by 'Cultural Domain' with a parallel list of 'Related activities' such as tourism and sport. The Cultural Domain' covers:

- Cultural and natural heritage
- Performance and celebration
- Visual arts and crafts
- Books and press
- Audiovisual and interactive media
- Design and creative services
- Intangible cultural heritage
- Education and training
- Archiving and preserving

2.9 Major Themes, Major Differences

These and other models exhibit noticeable differences (for reasons of comprehensiveness we include models not covered by the NESDB). First, they have different attitudes to culture. The USA, Britain and Japan seldom mention culture explicitly and do not have a separate 'culture' category. In contrast, most developing countries including Thailand start with traditional culture. UNCTAD¹⁰ goes so far as to say that 'The foundation of the creative

¹⁰ UNCTAD Creative Economy Report 2008

industries in any country is the traditional knowledge that underlies that country's distinctive forms of creative expression: the songs, dances, poetry, stories, images and symbols that are the unique heritage of the land and its people'. These are undoubtedly valuable but they are seldom sufficient for the level of growth of global competitiveness that developing countries aspire to.

There is a matching difference between the local and the global. Some countries protect local knowledge while others are open and indeed welcome global knowledge. Countries with a strong economy and a high level of exports are more concerned with economic performance than with issues of national ownership and national content (though all countries limit foreign ownership and control to some degree). Countries with a lower level of outputs and higher levels of imports put more emphasis on national culture.

Countries also have different attitudes to technology. USA and British approaches to the creative economy seldom refer to it. This is not because these countries do not regard technology as important; rather the reverse, they see it as pervasive, especially digital technology. Indeed, they are more actively involved in digital technology than almost all developing countries. But they do not see technology as a defining part of creative activity. They see it as an element in virtually all social and economic activities instead of something particular to culture and creativity. In contrast, many developing countries include technology in their definitions even though most of their existing creative industries hardly use it.

These countries therefore have different ambitions. The industrialised countries are more concerned with globally-competitive business models whereas Asian countries see their traditional culture as their competitive advantage. This is not a simple dichotomy: all countries are concerned with their libraries, museums and art galleries, and all developing countries have plans for digital infrastructure. But there is a marked difference in their priorities.

As a result, some developing countries give the impression they can build their creative economy by using technology to add value to traditional culture. This is unlikely to be true. For creativity to have economic leverage requires people's talents, freedom, entrepreneurial spirit, determination and hard work, regardless of whether the raw material is traditional culture or not, and regardless of how much technology is added.

2.10 New Approaches

Over the past 10 years a number of other approaches have been made. One model, avoiding these problems of culture and technology, focuses on individuals and occupations ('who does what'). Richard Florida's 'creative class' is a leading example. In his view, people's talents, exercised amongst people who are tolerant of unusual ideas, is the key factor. Florida's original concept included digital technology but he has recently focussed his work on creative cities (Florida, 2002). This is intuitively a fruitful approach, although it is difficult to produce data to run a predictive model. Others have concentrated on the social practices of creative people ('ways of working').

Several researchers have developed models based on cores and circles which place activities that are wholly creative at the core (say, writing) and then show surrounding circles

of other activities which have increasing proportions of derivative or functional elements, such as equipment manufacture. These models appear reasonable but there is little agreement about what should be at the core and what should be in the outer circles. The USA and Britain put the talented, risk-taking individual at the core, ignoring questions of culture and nationality, whereas many developing countries put culture and wisdom. These classifications are still focussed on sectors and do not help government to decide policy interventions on market and business issues.

Yet another approach is to treat society as an ecological network. A creative ecology is a niche where diverse individuals express themselves in a systemic and adaptive way, using ideas to produce new ideas. The main parameters are change, learning, adaptation and diversity. This reflects a systems-based approach that takes account of all creative processes, including doing, performing and making; work done for free and for pay; and work done part-time and full-time. It encompasses individuals, organisations (businesses, companies, public bodies), creative industries and cultural industries. It includes special cases such as creative clusters and creative cities and sub-groups like artists, scientists and the creative class. This is the approach taken by economists studying evolutionary economics.

A growing number of people focus on creative cities because not only is urbanisation increasing, especially in developing countries, but cities and creativity have always gone hand-in-hand. Charles Landry, who devised the term, suggests it can have four meanings (2000):

- As arts and cultural infrastructure.
- As the creative economy.
- As synonymous with a strong creative class.
- As a place that fosters a culture of creativity.

These researchers look at a city's quality of life (its liveability) and the hubs, clusters and networks that facilitate intelligent, rapid creative thinking.

2.11 Conclusion

None of these approaches gives a complete picture by itself, and none should be expected to. Instead of being rigid about the criteria, it is more useful to start with the real nature of the creative process and how it actually operates. Different circumstances require different approaches.

Governments need to adjust their focus to suit the circumstances, sometimes looking at the whole ecology and sometimes going in close to look at specific markets, rather as Thailand treats Thai farming alternately as agriculture, village life, the informal economy and an input into processed food.

Part 3: Thailand's approach

3.1 The Macro-Economic Framework

Thailand is strategically located in the centre of South-East Asia and has borders with Myanmar, Lao, Cambodia and Malaysia. It has a population of about 66 million which ranks 20th globally¹¹.

Thailand has a long history of culture and creativity in arts, crafts, performance and design. The Government's 9th and 10th five year plans mentioned creativity as well as innovation. The Office of Knowledge Management and Development (OKMD) was established in 2004 and the Thailand Creative and Design Centre (TCDC) was established under OKMD's auspices in the same year.

The conceptual framework for the 11th plan (2012-2016) said a creative economy would 'promote economic structural adjustments particularly in production and service sectors for more value-added, thereby creating new business using the hidden potential of Thai society'. This top-down analysis is correct but under previous plans the Government seems to have failed to connect its strategic ambitions with what happens at the level of individuals and markets.

The stimulus, now as previously, appears to be the country's macro-economic situation. The Government wants to lessen the economy's dependence on heavy industry and move to information and knowledge-based activities. It is also committed to reduce inequality and to support sustainable non-polluting industries. National talent, capacities and demand appear to have played a minor role in the strategy so far.

At the macro level, the data on GDP and the workforce show the skew between the sectors (2009 data at constant prices):

TABLE 1: DATA ON GDP AND WORKFORCE

	Baht (billion)	GDP %	Workers	Workforce %
Agriculture	494	11.6	14,692,000	38.99
Industry	1,846	43.3	5,425,000	14.40
Services	1,922	45.1	17,561,000	46.61
Total	4,262	100	37,678,000	1000

Source: NESDB

¹¹ According to CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html>

Thailand's GDP of Baht 4,262 billion ranks 25th worldwide. However, its GDP/per capita of Baht 63,628 ranks 119th worldwide according to World Bank and IMF report¹².

According to Thailand Ministry of commerce, exports totalled \$152 billion in 2009, having fallen by 13% from 2008. Imports totalled \$133 billion, a fall of 25%. Exports are geared to machinery and transport equipment which make up 40% of the total. Since exports contribute well over half of GDP, these sectors therefore contribute over 20% of GDP. Yet they employ fewer than 2% of the workforce. The most traded item of creative products is jewellery with exports valued at \$3,012 million (no other creative product is valued above \$1,000 million) and imports valued at \$665 million (UNCTAD, 2009).

In 2009, private consumption fell by 1.1% and private investment by 12.8% according to 2009 Bank of Thailand Annual Report¹³. But the World Bank Monitor reported in June 2010 that 'The Thai economy runs on a single engine: external demand. The engine is doing well, however, and robust export recovery is leading to a strong recovery.... Going forward, however, Thailand needs to strengthen the foundation for sustained and shared growth. This will require finding an engine of shared growth that brings more Thai workers into dynamic and productive sectors of the economy...Investing in education could be key. Starting a second engine means performing more higher-value added tasks in Thailand. This will require a higher supply of skills, which can be achieved through better and more accessible education'. As we show below, 'better and more accessible education' has proved elusive. It is also true that skills alone are not enough. Starting a 'second engine' as the World Bank hopes, requires opportunities to exercise those talents and skills in the face of bureaucratic and market inefficiencies.

The NESDB has used the work of UNCTAD, WIPO, and UNESCO to develop its own definition of the creative economy. As we show, the NESDB is just beginning its work on the creative economy. It has substantial data on the economy at a macro-level, and many analyses of structures and systems. However, it has little information about the creative economy's occupations, sectors and markets.

The NESDB defines a creative economy as 'an economic system that mixes cultural assets, local wisdom, and the uniqueness of Thai with proper knowledge and technology in order to produce unique and diverse products and services. In this way, intrinsic economic value will be added. It will create jobs, generate revenue, and boost competitiveness which will enhance the quality of life.' It defines creative industries as 'those industries which use Thai-ness, culture, heritage, and local wisdom, as well as technology, for economic development.'

The Thailand Creative Design Centre (TCDC) says a creative economy is 'An economy in which creative entrepreneurs combine knowledge, skills and technologies with cultural assets to develop products and services with "value" and "benefit" that can fulfil consumer needs in global markets'.

NESDB has suggested that the NESDB and TCDC definitions may be combined.

¹² According to CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html>

¹³ Available at http://www.bot.or.th/English/EconomicConditions/Thai/report/Pages/econ_yearly.aspx

Based on its definition, NESDB proposes four main groups and 15 sub-groups (data from 2008):

TABLE 2: GDP BY EACH THAILAND'S CREATIVE INDUSTRIES, 2008

Sector/sub-sector	Baht (billion)	GDP	%
Culture Heritage			
Crafts	319.2		3.5
Cultural Tourism	n/a		n/a
Traditional Thai Medicine	n/a		n/a
Thai Food	n/a		n/a
Art			
Visual Arts	n/a		n/a
Performing Arts	0.6		ns
Media			
Films and Video	1.6		ns
Publishing	20.8		0.2
Broadcasting	57.6		0.6
Music	n/a		n/a
Functional Creation			
Design	310.8		3.4
Fashion	213.1		2.3
Architecture (general architecture, landscape architecture, urban design, interior design, and fine art)	10.2		0.1
Advertising	17.7		0.2
Software	62.9		0.7
Total	1014.6		11.5

Source: NESDB

Several comments may be made:

- Cultural tourism. It is difficult to be precise about the difference between cultural tourism and other forms of tourism. It is also problematic to extrapolate the creative element from the package of climate, landscape, heritage, design, food, spas, low costs and Thai tolerance that attracts tourists.
- Traditional medicine. It is not clear why traditional medicine is more creative than modern allopathic medicine.
- Food. The production, processing and consumption of food is not primarily a creative activity. Most Thai food is produced and sold as a staple. Creativity and innovation are found in only a few small sectors
- The subsuming of fine art under architecture conflates two sectors that are distinct in their aesthetics, practitioners, markets, business models and value added.
- There are likely to be overlaps between tourism, food and craft markets and there may be a danger of double-counting.
- Advertising: the data appears to represent media spend instead of agency spend (Advertising Association of Thailand).
- Some Thai institutions include biodiversity as a creative industry but it is better treated as a systemic variable than as an economic sector.

The government collects basic data for 10 of the 15 sectors on a regular basis and there is evidence that these sectors' output rose rapidly through the decade in absolute terms but fell

slightly as a proportion of GDP¹⁴. The data above was collected by the National Accounts Office (NAO) according to procedures set down by the IMF following an ad hoc request by the NESDB's Competitiveness Development Office (CDO).

The GDP figures are impressively high. According to the NAO, the 10 sectors contributed an average of 11.5% of GDP in 2002-08 although the figure for 2008 was a below-average 11.2%. This is a higher figure than in almost any other country except the USA. By adding food, cultural tourism and traditional medicine, Thailand can claim its creative economy to be the world's largest, albeit using different definitions from most countries and with data that may not be repeatable.

The NESDB has also made a comparative evaluation of the 10 of the 15 sectors for which data is available. An analysis of GDP in 2002-08 showed design, crafts and fashion made a relatively high contribution to GDP; broadcasting and software made a moderate contribution; and film and video, publishing, advertising, architecture and performing arts made a low contribution. The NESDB then related each sector's share of GDP in 2002-08 to its growth rate in 2002-08. The results were

- High share and high growth: none.
- High share but low growth: craft, fashion, design.
- Low share and high growth: architecture, software.
- Low share and low growth: broadcasting, advertising, film and video, performing arts, publishing.

As a result, the NESDB selected five sub-sectors to provide a range of variables for planning purposes:

- Advertising.
- Design.
- Fashion.
- Film and video.
- Software.

There was a view in the UNDP regional forums held in August and September 2010 that the Government should not limit itself to 15 industries but rather prioritise any sector that has the potential for achieving its objectives.

The regional forums expressed wide-ranging views about resources, capacities, problems and challenges. There was some scepticism about the central Government's ability to understand the issues; both national issues and regional issues. This is a major challenge for Government policy-makers. Participants said the Government had not made clear the difference between a knowledge economy and a creative economy. Another problem is the Government's lack of continuity and consistency in its projects. Many projects are started but never finished due, for example, to changes in Government, a lack of funding or a lack of a responsible authority.

Different regions have different needs. The northern region's ethnic diversity means the main activities are tourism, food, and art/craft, particularly by small and medium-sized enterprises. For instance, boutique hotels are developing strongly, as is product diversification as a result of biodiversity and indigenous knowledge. In the upper northern

¹⁴ According to NESDB, presentation at NECTEC, 2008

region (Chiang Mai, Chiang Rai, Mae Hongson, Lampang and Lamphoon), art/craft, tourism, and software (science and technology) are potentially dominant. In the north-east region, culture, performing art/music and software are the main industries. In the south, several industries have potential: historical and cultural sites (tourism); festivals, ritual and lifestyle (cultural); food; arts and crafts; local knowledge; performing arts and music; and local costume.

3.2 A Creative Ecology: Opportunities for All

Thailand's 8th and subsequent national development plans tried to integrate their social and economic elements and tried to involve ordinary people but with limited effect (UNDP, 2007).

The people-based nature of a creative economy means this kind of integration is essential. A creative economy literally depends on people's creative imagination being expressed and developed. It needs inputs (energy, imagination, time) from men and women of all classes and from all over the country, and it needs these people to be free to express themselves. Creativity is not the preserve of the middle class. A new idea can come from anyone, male or female, young or old, at anytime, anywhere.

Equal Access

Equality can be measured by social factors like education and the quality of life and by economic perspectives such as income, job creation and financial support. In 2004 the provision of education was unevenly distributed between the cities and the provinces, especially the north, and between those from rich families and those from poor families. In the same year, the top 20% of the population commanded as much as 55% of total national income while the bottom 20% had only 4% (UNDP, 2008). The UNDP Human Achievement Index (HAI) says that amid overall economic expansion Thailand is seeing the emergence of a 'two-tier', 'two-speed' economy. The upper tier of people benefit from a well-developed IT infrastructure, strong foreign trade connections, an innovative drive (buoyed by external knowledge transfers), high R&D spending and strong firm and job creation (high-growth SMEs and innovative SMEs). Inward FDI is strongly concentrated in this upper tier. In the lower tier, myriads of small and micro enterprises exist (largely farmers), hampered by under-developed infrastructures and suffering from deficient labour skills, low capital supply and a lack of entrepreneurial dynamism. The UNDP's 2008 report viewed Thailand's lack of equality of access to public resources (education, health and social services) as being high for a country at its stage of economic development.

How can a creative economy improve equality? There are many points at which the Government's push for more inclusion and equality and the push for more creativity and innovation coincide, notably in their objectives of a very large number of people being educated, having opportunities to learn and work, regardless of family social conditions or incomes. This concern with equality of opportunity implies that public action should focus on the distribution of assets, economic opportunities, and political voice, rather than directly on inequality in incomes. Government policies can contribute to the move from an 'inequality

trap' to a virtuous circle of equity and growth by levelling the playing field through greater investment in the human resources of the poorest; greater and more equal access to public services and information; guarantees on property rights for all; and greater fairness in markets.

It is partly a question of the kind of person who flourishes in a creative economy. There is a premium on individual flair and determination, rather than inherited land or capital. Markets are never completely fair, but the markets in a creative economy are more open than many traditional markets, and the rewards for individual success can be greater.

It is also a question of size. The arts, culture and entertainment sectors have always had their stars and celebrities. But the creative economy operates on a much larger scope (i.e. covering a wider range of activities) and a much larger scale (i.e. more people), thus providing more people with more opportunities.

The land shortages amongst poor people have their equivalent in knowledge shortages. Thailand is seeing the emergence of a digital divide. This is inevitable in some respects because the very high cost of ICT infrastructure prevent rapid, universal penetration. But there are numerous measures that can be taken to close the gap, such as satellite networks with access nodes in schools. In a creative economy, access to digital networks as more important than access to land.

The One Tambon One Project (OTOP) may be a useful model. Communications infrastructure (for instance, libraries, computers with satellite-based Internet connections, digital media training) can connect people to resources as well as allow them to share knowledge. The improvements can be small but significant to local people; Chiang Mai does not yet have a general bookshop. In other countries (Mexico, Guatemala, Colombia), companies that have offered digital media training have attracted literally hundreds of applicants, many more than government offers of formal education for traditional skills.

Even the USA, which is the most competitive and most successful market of all, relies upon an endless supply of young and aspiring workers from all over the country who have often started in an informal, unpaid job, found their feet, and found their chosen career. Few of today's leading players in New York, London, Milan and Tokyo were born in those cities. They started somewhere else. It may be that Thailand's future as a 'creative nation' depends as much on the generation starting work now, or wanting to start work, in the provinces as on today's corporate executives in Bangkok.

There is therefore a mutual interdependence between a creative ecology and an equal society. Both put a high value on:

- Education for all.
- Opportunities for all.
- Access to learning and communication networks.
- Equality amongst workers with regard to their personal assets.

Informal Entrepreneurs

There are linkages too between a creative economy and Thailand's informal economy. According to the International Labor Organization (ILO), the informal economy consists of 'all economic activities by workers and economic units that are, in law or in practice, not

covered or not sufficiently covered by formal arrangements¹⁵. The NESDB includes 'companies employing fewer than 10 people', people not filing tax returns or registered with the social security system. It has calculated that 74.9% of the workforce was in the informal sector (NESDB, 2002) and contributed 43.8% of GDP (NESDB, 2003). The bulk of the informal economy was in agriculture.

The NSO surveyed the informal economy in 2005¹⁶. It defined 'informal labour' as work done by someone above the age of 15 'without any protection, social security, benefits and welfare'. It estimated there were 22.5 million 'informal workers representing 62.1% of the total workforce. A later survey in 2008¹⁷ showed that the number had increased by 1.6 million people to 24.1 million or 63.7% of the total.

A 2007 ILO report¹⁸, 'Rolling Back Informality' said that the informal economy is 'a reservoir of skill, entrepreneurial capacity, creativity, innovation and resilience as workers create their own employment and manage to survive and even grow despite insurmountable odds'. This has echoes of the creative economy especially in USA, Britain, China and Japan, with their informal working practices and high levels of unpaid and unstructured work. Successful creative economies tend to have many people who work informally. Government needs to look closely at how people in the informal economy can be given opportunities to become full-fledged members of the creative economy (for example, access and grants could be conditional).

Civil Society and Social Enterprise

Civil society is the sphere in which people exercise their own preferences outside the government's sphere of enforced action and the corporate sphere of financial power. A flourishing civil society, social enterprise and non-profit sector is a hallmark of a creative economy (in Europe, it contributes 6-8% of GDP, about the same as the creative economy). The low costs of capital and other resources, and the large numbers of people working part-time on multiple projects, enable social enterprises to play a bigger role and be more integrated. There are many opportunities in mobilising the market-oriented social enterprise movement which aims at fostering social innovation with economic sustainability and scalability. Many social enterprises address social and community problems that the government or private sector have not been able or willing to deal with. For many years, Thailand had a low rate of participation in civil organisations except in agriculture and residents' associations but numbers are now growing substantially.

Two examples of social enterprise in Thailand address some of the issues mentioned in this section: John Hawker's Room for Life project in Sakon Nakhon the proposed Creative Youth Link . These score high on a number of key criteria: education, civil society, sharing, small companies, technology, networks and regional balance. Significantly, both initiatives have arisen from individual vision and hard work.

¹⁵ Resource Guide on the Informal Economy by the ILO, available at <http://www.ilo.org/public/english/support/lib/resource/subject/informal.htm>

¹⁶ Available at <http://www.nso.go.th/index.html>

¹⁷ Available at <http://www.nso.go.th/index.html>

¹⁸ Available at <http://www.ilo.org/public/english/region/asro/bangkok/asiaforum/download/theme2b.pdf>

Stability

Creative ecologies and economies flourish best in stable societies. Creativity can occur in prison or in wartime. But creative economies on a national scale and scope require social and political stability. Surveys conducted by the World Economic Forum (WEF) for its Competitiveness Index point to Thailand's political instability, inefficient bureaucracy and corruption as being by far the most largest hindrances to doing business in the country. Once a member of the top 30 countries, Thailand's position fell to 36th in 2009-2010¹⁹.

3.3 Creative Thailand

In August 2010 Prime Minister Abhisit Vejjajiva announced Creative Thailand with two policy goals:

- Promote Thailand as a hub of creative industries in south-east Asia.
- Boost the economic contribution of national creative industries from the current 12% to 20% of GDP within 2012.

The Government also made 12 Commitments under the Strong Thailand Stimulus Plan²⁰:

Creative Infrastructure

- Commitment 1: The Government will establish a Creative Economy Agency within six months to oversee the implementation of the Creative Economy.
- Commitment 2: The Government will enhance the efficiency of the entire intellectual property system within six months.
- Commitment 3: The Government will develop ICT infrastructure to support creative industries such as 3G systems, fibre optics, broadband and WiMax.

Creative Education and Human Resources

- Commitment 4: The Government will enhance creative learning in the national curriculum. Educational institutions will provide courses and textbooks on creative economy and intellectual property by the next academic year in order to cultivate creative thinking in Thai education systems.
- Commitment 5: The Government will support specialisation in the areas of design and other forms of art, systematically increase the number of personnel, and expand the creative workforce.

Creative Society and Inspiration

- Commitment 6: The Government will promote the creative economy at regional and community levels in order to create added value of traditional knowledge and generate income for local people.
- Commitment 7: The Government will enhance the professional standing of creative Thais whose accomplishments earn international recognition, and ensure that the 'winning projects' create a wave of 'Thailand, Land of Thinkers' and popularise Thai art and culture throughout the world.

¹⁹ According to the World Economic Forum Global Competitive Report 2009-2010, available at, <http://gcr.weforum.org/gcr09/>

²⁰ Ministry of Commerce, Thailand

- Commitment 8: The Government will provide spaces for activities and exhibitions related to creativity (creative zones) such as visual art zones, performing art zones. The spaces are open for creative thinkers and creators to express their ideas or exhibit their works free of charge.

Creative Business Development and Investment

- Commitment 9: The Government will establish a Creative Economy Fund and support other funding societies to enable new entry and value creation by business operators particularly SMEs.
- Commitment 10: The Government will undertake new investment promotion measures to support creative industries including legislative changes and enact new laws to promote and support the creative economy, promote the private sector investment and value added.
- Commitment 11: The Government will promote marketing and commercial activities as well as the export of goods and services to assist companies in international markets.
- Commitment 12: The Government will allocate a budget of Baht 20 billion from the Strong Thailand Stimulus plan to be disbursed over three years to lay the groundwork and push the agenda forward.

The Government has moved quickly on several of these commitments in terms of its own administration and lines of responsibility and has made budget allocations as appropriate. Understandably, commitments that involve consultation and public-private partnerships are taking more time.

The Government has established a National Creative Economy Committee (NCEC), chaired by the Prime Minister and consisting of 31 government representatives and advisers. It met for the first time on 14 October 2010. Its main function is to propose policies to the cabinet, to prepare a strategic plan and to coordinate, follow up and evaluate the plan. The Government also set up a Thailand Creative Economy Agency (TCEA) as an internal unit within the Prime Minister's secretariat with a government official as its Director, and a Creative Economy Executive Committee (NEEC) consisting of government representatives and four academics and experts.

The Government has provided financial support for the activities and projects that are related to creative economy²¹:

- 29 projects (Baht 2,330.59 million) receive loans under the 'Thai Khem Khaeng' (Stimulus Package 2010-2012) Royal Decree budget of Baht 350,000 million.
- 1 project (Baht 2 million) receive loans under the reallocation of 'Thai Khem Khaeng' (Stimulus Package 2010-2012) Royal Decree budget
- 1 project (Baht 76.81 million) receive loans under the reserve money of 'Thai Khem Khaeng' (Stimulus Package 2010-2012) Royal Decree budget.

²¹ Information provided by NESDB

Part 4: The policy process

4.1 Criteria for Action

The criteria for government action in creative sectors reflect its general approach:

- To establish Thailand as a creative hub in South-East Asia.
- To increase the creative industries' share of GDP.
- To increase competitiveness (through added value and other inputs).
- To increase well-being, inclusion and equality throughout the country.

The Government also has several existing external obligations. It has obligations under international treaties such as WTO agreements and bilateral Free Trade Agreements. It is a signatory to the TRIPS agreement on intellectual property and WIPO copyright treaties. It recently acceded to the Paris Convention on the Protection of Intellectual Property as well as to the Patent Cooperation Treaty 2009. It will be affected by the Anti-Counterfeiting Trade Agreement (ACTA) being negotiated outside normal WIPO procedures that is now nearing completion. The negotiations for the Asian Economic Union (AEU) in 2015 are already having implications for creative companies, especially SMEs. In addition to these intergovernmental obligations, companies have to work within their own international trade agreements and practices.

The modalities of Government intervention include:

- Opportunities for intervention; does government have the authority or power to intervene?
- Benefits of intervention; would intervention have net benefits?
- Standards of good regulation, such as evidence, fairness, transparency and proportionality.
- The appropriate level: government, regulatory body or industry association.

4.2 Sectors

All creativity is local and takes place at the sector level. For example, whether or not Jim Thompson organises local weavers, whether someone starts designing jewellery, whether a Thai director makes an award-winning film or TV commercial: in each case, their decisions are specific to them exploiting a particular opportunity and a particular format at a particular time. It is at the personal and sector level that new ideas are generated and developed. It is at

the sector level that people devote their greatest enthusiasm and where they take the greatest risks.

It follows that data, research and policy should be grounded in the realities of each sector. Each sector requires its own treatment. Although they share some elements (the creative spark, intellectual property) each involves a different expressive talent, capital requirement, business model and market structure. They therefore require different training, support schemes, market interventions and so on.

4.3 Sector Structures

An analysis of each sector's structure will show the industry's business model(s), the number of companies, their relative size, their inter-company transactions and growth patterns.

Some of the main sectors operate as a group of sub-sectors. Fashion ranges from couture fashion through to mass produced garments and accessories. Crafts incorporate home-made objects, mass produced tourist souvenirs and rare antiques. Craft is actually is a small-scale manufacturing business of mostly traditional objects that are chosen for aesthetic appeal, availability and price. Thailand claims one of the world's biggest craft industries in terms of its share of GDP was 3.5% in 2008 with about two million workers of which half are full-time (UNESCO, 2009). Policies on craft need to focus on the sector's business model and value chains, its competitiveness versus other major exporters (export promotion) and social issues such as its role in village economics and welfare.

Many industries face inherent weaknesses in downstream activities such as commercialisation, market access, distribution, marketing and sales. This is a widespread problem in developing countries, affecting almost every sector from art and crafts through to film. Sometimes the producer lacks the management skills or the finance to take the risks involved. Sometimes the problems are physical ones of transport and logistics; sometimes there is a lack of retail outlets. Many developing countries have very poorly developed retail sectors. These problems multiply if a company wants international distribution. Few companies know anything about selling in foreign markets or know how to meet the demands of foreign distributors and buyers. Very little Government research looks at retailing and customer demand. But stimulating consumer demand has powerful effects on growth.

In each sector, the Government has to assess, implement and monitor policies. The range of appropriate policy interventions is usually quite small. There is no need for any country to re-invent the wheel; most options have already been tested a number of times elsewhere. It is also true that every intervention will change market circumstances; very few interventions are completely satisfactory; almost everyone needs to be monitored and adjusted. What has been lacking in previous years is the Government's ability to evaluate and decide.

Many companies and associations have already made proposals for Government intervention. Many proposals have already been submitted to the Thailand Creative Economy Office. We have noted the proposals for action in each sector that were submitted to the National Committee on Creative Economy Policy chaired by the Prime Minister at its first meeting in 2009. These are an excellent starting point for discussions by policy-makers and industry within each sector.

We suggest four stages in the process:

- Proposals are made by Government or industry that are well-researched and supported by evidence.
- Government evaluates proposals.
- Government decides.
- Government monitors and evaluates.

4.4 Collaboration

This process requires a robust knowledge of what is really happening in each sector. Yet many government policy-makers do not know, and really cannot be expected to know, by themselves, what is happening within each market and sub-market. Most policy-makers feel at home in the world of strategy and planning and scarcely touch the commercial world of risks and deals.

Therefore, government and industry have to work together to ensure that all issues are raised and, if possible dealt with. In almost every case, independent research will be necessary.

Government needs to work with industry, large and small, in each of the three main stages:

- Data
- Research
- Policy

Data

According to the NESDB, the country does not yet have a master plan or framework supported by evidence which sets out clear long-term objectives and the means to achieve them.

The current state of knowledge is remarkably low. NESDB says the existing information is insufficient.

The problem appears to be not (or, not mainly) the absence of raw data but the NSO's decision, to date, not to analyse it fully. It actually has considerable relevant data from its:

- Business and Trade Services Survey (every two years). The 2010 survey is underway. Every five years the NSO carries out a Business Census based on government and business needs. We recommend, below, that the proposed Information Task Force work with industry to specify data needs for the next Business Census in 2011.
- National Population Census (every two years, with the next census due in 2011) which collects data on respondents' main current occupation and any occupation in the previous year, including full-time and part-time occupations.
- Labour Force Survey, quarterly.
- Retail Sales Survey, quarterly.
- Socio-Economic Status (SES) and living standards survey (annual) including household expenditure

The Business and Trade Services Survey provides the most direct data on creative industries. This and the Population and Business censuses will provide data on both industrial

and demographic sources. This is a good baseline from which to specify cultural industries based on complete up-to-date registers of population (i.e. occupations and associated census data) and businesses. They should both be capable of being broken down to very small geographies (subject to confidentiality restrictions). The Business Census will collect a list of companies from which to draw the subsequent 2012 survey samples, but will still provide complete data on sectors, employment and other basic information.

The Government should implement an Information Management System (IMS), as a matter of urgency, incorporating the NSO, to bring all economic activities, including cultural ones, into the national statistics. Data on output and trade should use the same classifications, which should be transparent. At present, it is difficult to build up a coherent picture of large sectors like jewellery, toys and ceramics because they are categorised differently. Without robust data, policy-making is unlikely to be optimal.

It can be difficult to place labels on economic activity. We can agree that a performance of a traditional dance in a tourist resort is 'culture', but is it also creative? Does its performance make the hotel a creative business? If so, one must avoid counting the activity twice: once as a performance and once as cultural tourism. Likewise, film involves a higher proportion of people in manufacturing, services and finance than people who would normally be regarded as creative even though the creative people will add more value (at least, they will be able to raise more investment, if not necessarily deliver the revenue). Similarly, is the production of mass market souvenirs (crafts) a creative industry or a manufacturing industry, or both? To extend the example, is the development of an online crafts markets (like etsy.com) better categorised within crafts or digital media? This leads to a policy question: would a stronger Thai-owned online presence assist Thai crafts; if so, how could it be achieved?

Many organisations, even those skilled in handling economic data, misunderstand or fail to manage this process. There are several conditions to be settled and questions to be answered (the following list is based on UNESCO and 'Mapping the Creative Industries', 2010):

- Purpose: Target audiences
- Purpose: Issues to be addressed
- Baseline study
- Definition of the industries to be covered
- Management
- Research methodology
- Analysis of gaps
- Design of the statistical tools
- Involvement with policy-makers
- Train staff
- Collect the data
- Use the data

Research

Some excellent research has been done in Thailand on industries and markets as well as global trends at the macro-level. More research needs to be done especially at the micro-level into occupations, companies and markets.

There is an opening for a national centre for the study of creativity and innovation. The Thailand Creative and Design Centre (TCDC) provides a respected forum for creative economy discussions as well having a strong public persona oriented to design. Thailand benefits from having a strong, well-resourced centre that provides a platform for public policy-makers, business and researchers.

There is a similar need for strong sector-based centres for research, networking and analysis where industry feels their issues will be discussed by informed peers. Some already exist in Thailand, mainly in Bangkok and Chiang Mai, and have a high standard. Where none exist, Government and industry should work together to provide them.

It is important that the term 'research' is not exclusively understood to be academic research but, as appropriate, also include research issues and formats that are open to industry participation.

We make recommendations for topics in Chapter 6.

4.5 The Ten Steps

This model framework for policy is based on the personal circumstances of an individual at each stage of development from school to a mature business. It relates the individual's goals at each stage to policy goals:

- Building individual aptitude.
- Giving all children a creative education.
- Turning talent into jobs.
- Opening up opportunities for people of all backgrounds (inclusion).
- Removing systemic barriers to novelty and innovation.
- Raising skill levels (training).
- Helping companies to grow (management skills; finance).
- Managing intellectual property
- Ensuring markets are open and fair.
- Opening international opportunities (export promotion).

The Ten Steps model is a useful framework for ensuring that Government policy does indeed cover people's needs at all stages of their career.

PART 5: Cross-sectoral factors



reative people depend on a mix of systemic factors to exercise their individual talent. This section applies global trends to Thailand's current situation regarding Creators and Business and offers some signposts for research and policy.

5.1 Creators

Creative individuals are the heart of a creative economy. They are the source of new ideas and the engines by which ideas are developed, shared and sold. Creative people enjoy using their imagination and exploring ideas, and gain identity and status from doing so. Being a creator involves aptitude, talent, skill, determination and hard work.

Education

We are all born with an innate aptitude for creativity, for forming concepts and solving problems. It is how all children learn. Education should sustain this aptitude. All countries with a high level of creativity and innovation have a high level of education. In OECD countries, education at college levels has risen from <10% in the 1960s to 30% in Germany and 40%+ in other countries (UK Department of Education and OECD). China plans an increase from 9.2% in 2008 to 20% in 2020²². Equally important is the kind and quality of education, especially teaching methods. In OECD countries, teaching methods are changing from hierarchical systems based on learning by rote to interactive and more equitable systems where students are encouraged to express themselves freely. In G20 countries there is a switch in subjects away from arts, culture, humanities and languages towards media, design, digital, business and law.

Thailand's current education framework derives from the 1997 Constitution and 1999 National Education Act which provided the principles for a knowledge-based economy. The Constitution established the right of every citizen to receive a free basic education for 12 years. The 1999 Act extended compulsory education from six to nine years. In 2005 Thailand adopted the German dual-system of general and vocational education but the quality of vocational teaching has been poor due to poor teachers and weak links with employers (UNESCO, 2010).

A report, 'Education, Economy and Identity', by IRASEC in collaboration with Chiang

²² Xinhua news.

Mai University (2009), concluded that the 1999 reforms failed: 'The Thai education system was maybe historically efficient for nation-building and basic knowledge inculcating, but has not succeeded in answering the needs raised by a knowledge-based society...Mentalities are slow to change... Educators are meant to be supervisors but this is also totally new to them.' The overall quality and relevance is declining relative to other Asian countries, as shown by the notable shortages of skilled labour, a general mismatch between labour supply and demand, and low levels of innovations in Thai firms. Average pupil motivation appears high, especially in favour of science subjects but, as students progress through the system, their imagination and creativity, and skills and productivity, appear low (PISA, 2006). A 2010 survey by the Basic Education Commission (BEC) showed many teachers are unqualified to teach; 88% of teachers in computer sciences failed their own exams. In the three years from 2008 to 2010 the World Economic Forum reduced Thailand's ranking for primary education from 58th to 80th place, behind Singapore (3rd), Malaysia (34th), Indonesia (62nd) and Vietnam (65th).

These reports seldom refer directly to creativity or the creative economy, but the links are clear. Children and students who hold teachers in low regard, are taught by rote and not encouraged to express themselves are likely to learn little and indeed to have a low regard for learning and the rewards it can bring. In contrast, children who are encouraged to express themselves, ask questions and challenge opinions are likely to carry these attitudes into later life. Traditional agricultural and manufacturing societies, based on standardised operations, may get by with rote and repetition, but a creative economy needs dialogue and challenge. The Ministry of Education's 'Proposals for The Second Decade of Education Reform (2009-2018)' acknowledged that insufficient progress had been made and that major steps needed to be taken to improve the quality of teachers and the quality of teaching. There are proposals to include 'creative hours' in the curriculum; to give learners the freedom to choose creative subjects/courses in accordance with their inclination, talents and personal choice; and to encourage cross-disciplinary learning.

The main challenges are the recruitment, training, pay and status of teachers; the ethos of schools, especially teacher/learner relationships; and the place of creativity in the curriculum – is it seen as part of art and culture or as a central part of the learning process?

Learning

Learning is even more important than education. The difference between education and learning can be summed up by saying that education is state-driven, compulsory and age-limited; and learning is self-driven, voluntary and can be continuous. Of course, education should stimulate learning but it does not always do so. True learning is mutual and collaborative (symbiotic). In a creative economy, people need to learn (1) cognitive processes such as perception, reasoning, judgement and expression and (2) vocational skills, and to go on doing so through life.

So, as well as seeking to reform the education system, the Government should give equal if not more attention to the ways in which people can learn throughout their lives. Here, initiatives can be introduced much more quickly and at much lower cost.

The challenge is to provide the kind of resources people want, when and where they want them. Sector-based organisations, funded by both Government and industry, can develop

training programmes and operate hubs and networks.

Knowledge Sharing

Knowledge has a high level of marginal utility, in that the more it is used the more it gains in value. It gains if it is used, shared and diffused. Easy, cheap access to other people's ideas in a sector is therefore a major contributor to sector growth. Thailand's knowledge diffusion has several weaknesses. Researchers are not motivated to share knowledge and do not consider knowledge diffusion as important; companies have limited capacities to absorb new knowledge; the complexity and lack of integration of R&D bodies causes duplication and ambiguity; cooperation between government, private sectors and academics is low (NESDB).

Government can take steps to enhance the levels of knowledge acquisition, diffusion and use. It can require libraries and information to be as accessible as possible. Institutions that receive public funds can be asked to ensure their structures and operations show a willingness to increase access and cooperation. The results of publicly-funded projects should be made freely available.

Hubs

A hub is a formal market for informal knowledge-sharing. It can be described as a central point where a wide range of people can come together on an informal and irregular basis to share experiences and manage projects (as distinct from clusters which consist of operating businesses and have an commercial purpose). A hub acts as a node in one or more networks with the explicit purpose of bringing people together. To make such projects sustainable often requires the collaboration of a range of partners such as schools, homes, communities, companies and the Government sector, together with academic institutes.

The Chiang Mai Creative City aims to put in place the people, connections, marketing and infrastructure to develop and promote Chiang Mai as a world-class centre of creativity and innovation. Its initial focus is on IT, software and digital content, as both key industries and as enablers of creativity in other sectors. It is a collaboration between universities, private sector companies and associations and government agencies including the NSTDA, SIPA and BOI.

The Smart Farm project run by the National Electronics and Computer Technology Centre (NECTEC) and the Youth Agriculture Land Reform Office (ALRO) in Surat Thai aims to apply creative economy principles to agriculture. It is linked with the Cyber Brain project.

5.2 Business

The move from individual creativity to group power involves a number of business factors:

- Business management skills
- Business models
- Added value
- Intellectual property
- Internet/Digital
- SMEs
- Finance

- Clusters
- Innovation
- Labour
- Regional planning

Business Management Skills

Business management can be described as identifying and allocating limited resources to meet a specific target, monitoring performance and adjusting the resources to optimise performance at all times. This involves managing finance, production, distribution, sales and so on, whether by oneself or by employing others. In a creative economy, there are additional skills; or, rather, skills which are minor in other sectors but are much more important to the extent they determine the difference between success and failure. It is more important to be able to articulate an idea even if it is novel and strange. It is more important to be able to establish multiple relationships with other people, including those with whom one has only a transient relationship. It is more important to be able to negotiate contracts. These extra skills are sometimes described as interpersonal or presentational but they actually go to the heart of the management process. These ideas have been explored in economic theory, game theory and contract negotiation²³

The relationships between producers and consumers change as economies evolve. In a manufacturing-dominated economy, consumers buy products that are tangible and which usually cannot be altered. In a creativity-driven society, people buy and sell much more often, exchange much more often, and re-use and re-purpose much more often. People may act not only as consumers but also as users and creators. There are direct implications for intellectual property and consumer policy.

The major challenge for the Government is to enhance the quality of management in its creative sectors. It should work with universities, business schools, companies and associations in each industry, possibly setting up industry training organisations (ITOs). There are numerous specialists in management training worldwide and Bangkok has several in operation. The Government should make this a high priority and, as always, listen carefully to industry needs.

Business Models

A company's business model is the means whereby it manages assets and resources to develop its business and produce a profit. The assets and resources may be owned or licensed from third parties. The profit may be a positive margin on unit sales or an increase in or strengthening of the company's capital value.

The major challenges include a lack of entrepreneurs willing to test new business models and the lack of new companies willing to experiment with new product strategies and sales strategies. The best way to stimulate the development of new business models is to have open competitive markets. They will soon generate new ideas, new ventures and people willing to take risks.

²³ See Richard Caves, *Creative Industries*, 2000, and John Howkins, *Creative Ecologies*, 2009.

Added Value

The process of adding value is known as the value chain. Conventional theory suggests value chains have five stages such as origination, production, marketing and support services, distribution and sales. But the base value of an idea is more complicated than the base value of a commodity or a manufactured good, and experience goods are different from physical goods. The stages that suit industrial manufacturing do not necessarily suit creative development. As WIPO²⁴ says, 'The functional distinction between production and distribution is not recommended [in a creative economy] in view of the fact that in many industries the corporate organisation is such that there is interdependency of the functions for economic efficiency reasons and both functions are performed simultaneously or inseparably'. An additional reason is the greater potential for leveraging contracts.

Value can be added to an idea in countless ways: by the person who had the original idea or by others who contribute their own resources, money or technology. The conventional classifications do not reveal the many different ways in which people add value within each stage, nor help us to understand why some companies add only marginal value while others increase value by several orders of magnitude.

Meeting the Government's target of increasing creative industries' share of GDP from 12% to 20% by 2012 requires a detailed understanding of where, exactly, the gains may be made (and where the complementary 8% losses may occur). Several excellent analyses have already been concluded but more work needs to be done with standardised data as well as taking full account of industry realities.

An NESDB presentation (2007) used data up to 2005 to show that Thailand had limited capacity to add value. The major challenges include the lack of knowledge about how added value is gained in a creative economy in general; the lack of knowledge about how added value is gained in each sector; the lack of competition, so there is little pressure to be more efficient; too much reliance on price; and the high level of out-sourced OEM business. Research can help with the former. Competitive markets can help with the latter, as it would with business models.

Intellectual Property

Intellectual property (such as copyright, patents and trademarks) is the currency of the creative economy. It is partly a legal matter, partly a business matter, and partly a matter of social justice. The challenge is to ensure intellectual property (IP) strikes a balance between (a) ownership and (b) access in the interests of learning, creativity and innovation. There is often a tension between ownership, which rewards the investor, and knowledge sharing which is for public benefit.

In June 2010 Thailand represented the Asian group within WIPO and said, It is important that norm-setting in WIPO should not be seen as limited to IP rights and protections but should reflect a broader social and development context²⁵.

In 2009, the National Committee on Intellectual Property secured the Cabinet's approval for the first ever National Intellectual Property Strategy. The objective is to base the country's future economic development on creativity which relies, in part, on intellectual property

²⁴ Guide on Surveying the Economic Contribution of the Copyright-Based Industries', WIPO

²⁵ During the meeting of Standing Committee on Copyright and Related Rights, 21/6/2010

assets. The Intellectual Property Department has six aims: Creation; Commercialisation; Protection; Infringement Prevention; Awareness and Education; and Finance. As of 2009, the Intellectual Property Department is a 'focal point and a key agency' in coordinating public and private stakeholders in the Creative Thailand project. It has already taken vigorous steps to ensure the law is appropriate for a creative economy and to enforce the law where necessary.

Enforcement is a major issue. In 2009 the IP Department reported 7,600 cases of piracy involving 5.3 million articles²⁶. The film industry has made strong proposals for legislation to stop illegal camcording in cinemas and for a 'three strikes' process against illegal downloading. Both measures should be introduced, preferably with a Code of Conduct for right-holders and ISPs.

The social and economic aspects (as opposed to the legal aspects) of intellectual property, and especially copyright, is under-researched. Few national intellectual property agencies have a research budget even though registering IP can be a profitable activity. We hope the Thailand Creative Economy Office with the Intellectual Property Department will support sufficient research, either directly or indirectly, to ensure Government decisions affecting IP are based on robust evidence of their market effects. There are opportunities for collaboration with the UK and other countries.

The main challenge is to uphold the principles of IP protection while giving equal, balanced, attention to the role of access. This is an extremely complex task. But, given the Intellectual Property Department's leading role in the Creative Economy programme, it is likely that the Department will be able to achieve this balance. It would then be possible for the Department to take a full part in debates on the legal, social, economic role of IP not only in Thailand but in the ASEAN region as well as globally.

Internet/Digital

The Internet is having profound impacts on virtually all aspects of creativity: how we have ideas and how we share, develop and promote them. Until recently, the Internet operated on the principle of open access with no single owner and little IP to constrain access. Users paid for connectivity not content. The Internet itself has very low barriers to entry and therefore undercuts the legacy media companies (publishers, record labels, broadcasters, retailers). The main trends are social media, cloud computing, mobile usage and apps. The development of an infrastructure of widespread, affordable, fast broadband, and of the skills to use it, are fundamental elements of both a creative ecology and a creative economy.

Thailand does not yet have the infrastructure and content skills appropriate for its intended development. Large numbers of people lack access (the digital divide). The Prime Minister chairs the National Information Technology Committee to develop a national broadband network. There have been delays in setting up the National Broadcasting and Telecommunications Commission (NBTC) and there is still uncertainty over its competence in digital media. The Government's own commitment to e-government is unclear; Thailand's rank in e-government has fallen from 46th in 2005 to 76th in 2010, according to the UN E-Government Readiness Index.

²⁶ Intellectual Property Department, Ministry of Commerce, Thailand.

The challenge is well-known: how to provide Internet infrastructure that enables universal, affordable fast broadband. The answer is a dual system of wired and wireless technology provided by a mix of Government, network operators, service providers, business and civil society. Providing Internet infrastructure is a stand-out topic on which there is substantial experience worldwide in providing innovative solutions. It might be worthwhile for the Government to tap into this knowledge base especially amongst the non-profit sector.

SMEs

A creative economy has very low barriers to access for creativity and production. This results in a very large number of freelance or independent workers and of micro-, small- and medium-size business on the supply side. These companies are the entry point and the training ground for most people. It is also characterised by large companies and increasing consolidation of aggregators and distributors on the distribution side. The popularity of micro-companies and SMEs is due to their low costs and high flexibility.

Small companies are defined by the number of employees, turnover and balance sheet assets. The EU definition is that companies with up to 10 employees are 'micro', those with between 10 and 50 employees are 'small' and those with between 50 and 250 employees are 'medium-sized'. The term 'small and medium-sized enterprises' (SMEs) therefore technically refers to companies with between 10 and 250 employees although it is conventionally used to include micro businesses as well. In all countries the majority of companies in creative sectors have fewer than 10 employees. Generally, SMEs in creative sectors are smaller and less formal than in other sectors, and less likely to have a business plan. In the UK, around 60-80% of creative companies do not have a business plan.

Thailand had about 2.8 million SMEs in 2008, more than double the number accounted for in 1997-8, though much of this increase seems to be attributable to Office of Small and Medium Enterprises Promotion (OSMEP) improved measuring and monitoring rather than an actual increase in the number. They account for 99.7% of all companies in Thailand and are estimated to account for 37.9% of gross domestic product, or Baht 3.44 trillion per year²⁷. The OECD survey²⁸ found Thai SMEs have a similar size and structure to the OECD average.

There is little information on Thai SMEs in creative sectors either in comparative terms or, more important, their strengths and weaknesses. Government policy on SMEs emerged in the late 1990s and the Government approved a Master Plan in 2002 and a new blueprint for SME promotion in 2006 but there is not yet an appreciation of SMEs in the creative sector and how they are different from those in other sectors.

Typical issues faced by SMEs are:

- Management skills
- Finance
- Government bureaucracy and administration
- Access to markets (clients, customers)
- Industry intelligence

The main challenge is for Government to familiarize itself with these issues. This raises

²⁷ Ministry of Commerce and NESDB, Thailand

²⁸ www.oecd.org

the question: how can Government do this? OSMEP encourages companies to undertake market surveys and testing, and to compete on quality, brand and logistics as well as on product types and price. The same principles should inform Government strategy: carry out research into SME needs in each sector with especial attention to business management and competing on quality not price. To achieve the latter, the Government may have to regulate terms of trade in some sectors.

Finance

Investors and lenders offer entrepreneurs three main forms of outside finance. One, loans which use the company's assets, often intellectual property, as collateral. Two, venture capital and private equity investments. Three, village funds for small entrepreneurs at local and community levels. In addition, the Government makes significant grants and funds available.

Companies in Thailand's creative sectors find it difficult to raise finance, whether debt or equity. On the supply side, there is a shortage of angel and start-up finance for small companies with a high level of risk. Private lenders and investors are geared to companies with physical assets; a company seeking finance against intangible assets (intangible collateral like copyrights or patents) faces an uphill struggle. Some Government funds appear to be non-performing. Few investors are confident at valuing intellectual property. But the problem is not solely on the supply side. It is also on the client side. In most countries, creative companies either do not want a formal business plan or, if they want one, do not know how to prepare it. In Britain, the proportion of creative companies without a financial plan is reckoned to be 70-80% and, while no comparable information exists about Thailand, the number is unlikely to be lower. There are also problems with the Audit Bureau rules for public organisations; and the lack of tax incentives for software and digital media.

These two problems are linked and Government can help on both sides. It can set up special funds for creative industries staffed by people who are expert in sector business models and confident to carry out valuations of start-up companies. On the demand side, it can provide training packages and mentoring schemes to enable companies to prepare robust business plans.

Clusters

A cluster is a network of individuals and companies engaged in similar business activities and benefiting from the quick exchange of both knowledge and products. The first clusters were agricultural (and the first research into knowledge clusters was on Korean farmers). Naturally-occurring clusters may spread over many square miles, and be intermingled with other types of companies, but recently many Governments have deliberately created clusters as a contributor to economic growth and urban regeneration and sponsored and/or subsidised clusters in cities and attached to universities. These sponsored clusters are usually smaller and more uniform in their business focus. The Government has selected a Creative Economy Industry Park and 20 clusters for priority action, mainly in the north-east. Its strategy on clusters is to use them as bases for knowledge sharing by government, research, and business. Government-sponsored clusters through Cluster Development Agents (CDAs) are a viable strategy but need careful management and monitoring.

Clusters can be a quick and successful way of promoting and demonstrating the creative economy as well as providing practical support to small companies.

The main challenge is to decide the objectives of the cluster strategy, which may be subsidised rent, knowledge sharing, incubation, hub networking and/or raising the sector's profile, and to ensure each cluster is managed to achieve that objective.

Innovation

Creativity and innovation are complementary. Creativity is the main driver of innovation and a high ranking in creativity factors tends to be correlated with a high ranking in innovation. There are several global classifications of innovation resources and processes, such as the World Bank's Knowledge Assessment Methodology (KAM).

Thailand's innovation policy concentrates on traditional R&D-based product innovation. R&D expenditure is about Baht 15 billion, or only 0.2-0.3% of GDP, of which about 60% is public money²⁹. Considering Thailand's stage of economic development, this is abnormally low. Both China and India, countries with a much lower level of real income per capita, have allocated larger resources to R&D activity. Thai researchers have few publications and citations; and Thai ratings on global metrics are low. The Government does provide some tax credits but the process of obtaining them can be cumbersome and longwinded. Thailand fell in the World Economic Forum innovation rankings from 38th in 2005 to 57th in 2009.

The National Science and Technology Development Agency (NSTDA) has plans to increase expenditure to 1% of GDP which would be a significant achievement. It also wants to increase the proportion of private R&D from 40% to 70%. The NESDB also has a target of a ratio of 15 researchers per 10,000 populations which are about triple current levels (UNESCO). But more needs to be done. Innovation occurs when markets are competitive, whether in engineering or film-making, and when entrepreneurs who take risks are rewarded. Thailand's R&D depends not only on funding researchers but on the demand for their output.

Moreover, innovation today is not limited to traditional technology-based R&D typically carried out by researchers in laboratories. It occurs whenever anyone makes a repeatable improvement to a value chain. A large amount of innovation in OECD, China and ASEAN countries is process innovation. According to Richard Doner (2010), Thailand should pay more attention to process innovation and knowledge innovation. He said there is growing evidence that Thailand suffers from a significant gap between the advanced nature of its export structure and the much more modest technological levels of its own firms and labour force. The country's weak national innovation system is a key contributor to this disparity. The Thai bureaucracy, especially the line ministries, exhibits fragmentation and competition that in turn discourage fruitful interaction with the country's firms and associations, financial institutions and educational institutions and their links to the private sector. Worldwide, much of this process innovation comes from customer-facing interactions. There is also an increasing amount of online customer-based innovation. There is little evidence that Thailand is promoting these new kinds of innovation.

The challenge is to make innovation worthwhile: worthwhile to the person who might

²⁹ NCRT and NSTDA

innovate and to the company that might develop the idea, the prototype, to a product NESDB has recommended several initiatives: improve the laws and regulations; increase incentives for privately-funded R&D; support joint public-private ventures; establish a joint research fund for public-private R&D; promote efficient intellectual property protection; and improve the management and efficiency of incubators.

Labour

Labour mobility is an important factor in economic growth. It can be affected by personal factors (education, location, ethnicity, religion) and systemic factors (immigration restrictions, employment contracts, pension arrangements and the number and type of job opportunities). If markets in ideas and innovation are to be efficient, whether nationally or globally, then individuals must be able to move easily between employers, and employers able to hire and fire easily. Any rigidity in the labour market add to costs and inhibit efficiencies. They also prevent individuals fulfilling their individual potential.

The Thai labour market has some rigidities. The Heidrick and Struggles 2007 Global Talent Index sees Thailand's labour market as an anti-competitive handicap. Challenges include achieving a balance between giving employers more freedom to recruit personnel of their choice (Government, private sector, universities) and protecting individual rights.

Regional Planning

A creative economy presents a challenge to regional planning. There are two separate forces in play. First, creativity can start and flourish anywhere and so government must ensure opportunities are available to all people in all regions. These resources may be physical (like regional hubs and creative centres) and online (which requires the rapid implementation of national broadband). For this reason, all national funds (e.g. for film support, for broadband) should have a degree of regional quotas.

Second, competitive success at a national and international level requires a critical mass of people who work together, share ideas and sustain aggregators. There is therefore a historic correlation between creative economies and urbanisation, symptomised by organic clusters and an increase in retail opportunities in city centres and residential areas. The fastest and most successful creativity arises when people have multiple opportunities to collaborate and compete with their peers. The result is concentration in a few major urban centres (few countries can sustain more than two or three), producing national and even global excellence. The Government may therefore also ensure the key centres have as good a network of resources and opportunities as possible.

There is increasing interest in the development of creative cities. The US agency, CEOs for Cities, says that 15 years ago the majority of people chose their jobs on the basis of the company or employer. Today, most people choose jobs on the basis of the city. This has obvious implications for planning policies: 'a creative city facilitates economic activities out of creativity, so the city is a magnet for drawing human assets and serving as a hub for thinkers and creator from domestic and international locations. A creative city is a vital mechanism for incubating a creative economy' (NESDB). TCDC held a 'Creative City Skills Mapping Event' in Bangkok in 2009.

Part 6: Conclusions and recommendations

6.1 A Global Vision

All countries that want to grow are developing their own version of the creative economy, using their own culture (their own version of Thai-ness) and their entrepreneurial skills. Some are driving extraordinary change, notably China and India, while others have far-sighted visions, such as Colombia's vision of 2025 based on world-class biodiversity, creative industries and alternative energy.

Thailand has tremendous cultural and artistic heritage and strong entrepreneurial tradition. It is renowned globally for its creativity in such diverse areas as silk and fashion, film, TV and advertising, and crafts.

The creative economy is an exciting opportunity for Thailand to mobilise all sectors of the population so people can further develop their own imaginations, increase their involvement in society and contribute to the economy.

Since the creative economy is people-based, the Government's policy-making process must be inclusive and collaborative. Countries that have the best track record in creative industries (national start-ups, growth, export and reputation) also have a good record of collaborative policy-making. Therefore, we recommend that the Government engages very closely with all stakeholders; industry, entrepreneurs, civil society, intermediate agencies such as trade associations and professional bodies and researchers. Creative economy policy-making is improved by being devolved downwards both in terms of its accuracy and relevance and in the likelihood of policies being implemented

The ASEAN Economic Union (AEU) to be introduced in 2015 offers a unique opportunity for Thailand to take a leadership role in promoting Thailand's creative industries in the region. All national policy from now on should aim to be effective within the Union and Thai companies should be supported in expanding within the region.

6.2 Creative Thailand

We endorse the Government's Creative Thailand programme and its 12 Commitments, and the policy initiatives adopted by the Ministry of Commerce. These include the selection of academies and centres of excellence

We welcome the programme's comprehensive approach and the speed with which it is being implemented.

We especially welcome the emphasis on education, infrastructure and finance, and the emphasis given to the speedy development of broadband infrastructure and content.

The new Thailand Creative Economy Office should take on the overall responsibilities for planning, coordinating and implementing our proposals. However, many issues need specialist technical expertise (e.g. the Information Management System and the intellectual property issues). Almost all need industry expertise (e.g. sector and cross-sectoral issues). We hope this will be taken into account. Creative economy policy-making is improved by being devolved downwards both in terms of its accuracy and relevance and in the likelihood of policies being implemented

6.3 Policy Recommendations

We list our recommendations according to the Ten Steps proposed above:

Universality and Freedom

- Improve the recruitment, pay and training of teachers.
- Commission a series of books aimed at children to stimulate their creativity.
- Change the ethos of learning in schools and universities to promote mutual learning and encouragement
- Reform *education* strands at secondary, undergraduate and graduate levels with the aim of initiating a long-term programme of quality enhancement and producing world-class talent.
- Strengthen the status and provision of vocational skills in secondary education as well as in further education so that over time the whole workforce has higher level skills.
- Enable affordable, widespread *Internet* access. Check Thailand's approach against developments in other countries in terms of technologies, configuration and content.
- Awareness-generation. Hold seminars for government agencies, regional development agencies and UN agencies. These agencies have little consistent idea of what a creative economy is, especially middle and lower level officers and executives who still debate whether the cultural industries are creative and whether some activities like Thai massage are creative. There is a lesson from OTOP which was fruitful because considerable time and effort went into making sure all the agencies concerned were clear right from the outset on its objective and its deliverables.
- Require libraries to be as accessible as possible. Institutions that receive public funds should be asked to ensure their structures and operations show a willingness to increase access and cooperation. The results of publicly-funded projects should be freely available.

- Fund and promote a series of activities on the creative city and how Thai cities might become more liveable (eg, rejuvenate Bangkok's canals). Make an annual award of a Thai City of Culture following a competitive bidding process, on the lines of the successful European Capital of Culture.

Markets and Business

- Promote new 'creative jobs' throughout the country, supported by government-funded training schemes and incentives. Providing new jobs for young people at the beginning of their working lives is a critical part of their development. The schemes should focus on sectors where growth is fastest and where young people want to work (digital media, fashion, design, art). Establish mechanisms (incentives, quotas) to encourage all people to participate in education and apply for the new jobs.
- Support non-core sectors like welders, pattern-makers, tailors, technicians, etc, whose skills are necessary for quality work in many sectors.
- Support people in the informal sector especially (a) software design (as opposed to the mass production of business software and other IT products), and (b) crafts made by rural workers (including those in secondary occupations and the non-agricultural production of textiles and woodwork).
- Provide *SME training* in management, finance, distribution and sales. Set up Industry Training Organisations (ITOs) that are co-funded by Government and industry to map training needs and provide training courses and events.
- Establish *financial support* schemes for supporting investments in each creative industry by means of (1) specialised investment funds and (2) tax credits for companies and projects.
- *Intellectual property*: improve registration procedures, time-scales and costs.
- Establish a *free IP advisory service* to new and start-up companies on the commercial management of IP assets (similar to the London IP Advisory Service).
- *Intellectual property*: enable the IP Department to take a lead role in mapping trends and formulating policy on IP within the ASEAN region and globally.
- Ensure terms of trade in each sector are fair, especially when there are one or two dominant companies in a sector.
- Increase R&D in terms of product R&D and process R&D (linked to research into why R&D is so low).
- *Hold competitive tenders* for proposals for innovative entertainment and technology business models especially in areas with the potential to generate added value like films, digital media, sustainable and renewable energy, nanotechnology and biotechnology. The winning ideas could be given seed money and incubation facilities to develop as home-grown companies. Such investments in technology may be risky but have the potential to boost the overall innovation landscape.
- *Attract foreign investment and management*. For example, the Singapore-based company Horizon Fuel Cell Technologies has successfully made one of the world's first commercially-available, cheapest hydrogen-powered green energy power-packs and power-plants as a result of the Government's forward-looking policies to attract and retain the best foreign talent and provide them the right facilities in areas which

show great potential.

- Provide assistance to companies wishing to expand internationally by means of financial support, trade delegations and participation in trade events.
- Use Thailand's international reputation for tourism to support its entertainment industries. Currently, Thailand tourism is world-famous but its entertainment is little known outside the region. Thai tourism could be leveraged to support the entertainment business.
- Promote the Thai International Creative Economy Forum (TICEF) as a major international event each year.

6.4 Research

The success of these policies depend on all stakeholders (Government, industry, practitioners) having access to accurate, objective information. Until then, it is difficult to justify proposed actions or know where interventions should be made.

We believe the Government's programme would be strengthened by at least one centre of excellence in the creative industries to carry out research, or a number of centres that specialise in specific areas. One centre should operate a properly funded website as a portal or platform to provide information on global and national facts and trends on the creative economy. We therefore welcome the initiatives of the TCEO to nominate an Academy and centres of excellence for research into the creative economy.

We recommend the Government ensure sufficient funds for long term projects in an academic environment similar to the ARC Centre of Excellence for Creative Industries and Innovation (CCI), Queensland University of Technology, Australia, to focus on research and development into the creative industries and how CCIs make a more dynamic and inclusive innovation system and society.

We recommend topics including:

- *Market Structure* in each sector, assessing market structure, main players, employment, imports and exports, and obstacles to growth, including commercial, legislative and regulatory obstacles.
- *Added value* in each sector: where value is added within and between each stage; the effects of added value on wages, prices, revenues and shareholder value.
- Needs of micro and *SMEs* in each sector
- *GDP share and growth* based on high share with low growth and/or low share with high growth industries to support a more comprehensive and longer term evidence-based strategy to help with the long term shift of the Thai economy.
- *Stakeholder interests*, covering the Government, agencies and the private sector so that responsibilities and priorities can be clarified and overlap be reduced.
- *Current research on the creative economy*, showing which agencies (universities, institutions and companies), are doing what research, who is paying, how the research is being used and what are the main gaps.
- The role of *Thai culture* and traditional wisdom as a source of competitive advantage in each sector.

- The relative benefits and demerits in each sector of commercial licences and alternate licensing systems.
- Thailand's performance on the relevant global indices of creativity and innovation (e.g. World Bank Knowledge Assessment Methodology and World Economic Forum).
- Thailand's approach relative to countries in the region or with similar characteristics.

6.5 Data

We make two recommendations on data:

One, the Government appoints a *Steering Group* to review information needs, current availability and any gaps. It should cover both Government and industry. The Steering Group should consist of the main stakeholders:

- NESDB and NSO
- Government departments
- TCDC, universities, researchers
- Industry and industry associations
- UNESCO Institute for Statistics (UIS)

Two, the Government establish an *Information Management System (IMS)* for the creative industries, overseen by the Steering Group. This could be developed stage-by-stage as set out below:

- The IMS would map existing data that is available especially through the NSO but also including information from ministries, agencies, professional associations, other national or provincial bodies, and the private sector.
- The IMS would establish a regular reporting system for creative industries. This should be based on accepted international standards to allow data from different sources to be aggregated on a consistent basis. This annual data should be a shared resource for all national agencies working in the sector and should be made freely available. The work should be led by the NSO to ensure its alignment and integration into national statistics but should include input from other data collecting sources as suggested above.
- This baseline data should be made available online, in full, without charge, as soon as feasible, so it can be a shared resource for all government agencies and all companies in the creative economy.
- This work would require a decision on Thailand's classification of creative industries.

6.6 A New Mindset

We have shown that a creative economy is symbolised by a new mindset as much as by shifts in GDP. We urge the Government to promote this new mindset as widely as possible. It should send out two messages: promoting creativity as critical for Thailand's future and saying creativity as something everyone can do.

We are not convinced by the arguments for a 'creativity' brand. In the past, Thailand has branded its friendliness, tolerance, 'smiles' and so on. This attracts tourism. But a good reputation for creativity requires other qualities which are more varied and harder to sum up and often resistant to branding.

We suggest the best way to promote Thailand's creative economy is through the excellence of its people, ideas, entrepreneurs and companies, as well as their own brands, and that Government's aim should be to support these in every possible way.

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