

Growing the economic impact of the arts and creative industries on the world stage



No Fit State's Big top under Brooklyn Bridge, New York. 2016

Non-public funding of the Arts An Inquiry by the National Assembly's Culture, Welsh Language and Communications Committee

A submission by Wales Arts International

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Context

1. For two decades the Arts Council of Wales and its international arm, Wales Arts International, have developed and nurtured a wide range of international cultural partnerships. Some of these have been specific funded projects, focused programmes of exchange or presence at Biennials or trade shows. Others have been longer-term initiatives, building connections that have fostered enduring relationships with countries around the world. They have all opened doors to new markets for our arts and creative companies to grow and sustain their work and employment in Wales.
2. Wales Arts International is currently managing relationships with governments, cultural agencies and creative organisations in China, India, South Korea and Argentina and is an active participant in key European and international networks that support artists to work internationally (Cultural Action Europe, IETM and On the Move). Each, in their different ways, offers the potential for international collaborations that could generate new income for Wales-based artists.
3. In December 2016, Welsh Government published a new Cultural Statement, *Light Springs through the Dark*¹ which rightly claims that “our culture has always been one of our greatest exports.” As true as this may be, there is much work to be done to support a change of gear for our companies and creative professionals if they are to develop their international businesses and careers.
4. The creative industries have their origin in individual creativity, skill and talent that has the potential for wealth and job creation through the generation and exploitation of intellectual property. The arts nurture the imagination and vision that provide the steady flow of new ideas and products that enable economic exploitation through the creative industries. However, talent and creativity on their own are not enough to grow international careers. Similarly, public funding and institutions alone will not create miraculous new markets for Wales’ artistic work, no matter how good it is. A strategic partnership approach is essential.
5. Engaging with new markets internationally takes time to grow confidence and experience and, importantly, the right connections. It also means forging the right relationships and partnerships with other government bodies and the sector we fund. In this regard, we welcome the statement by Wales’ national companies in their submission to this Inquiry that rightly say “*that investment in a powerful and compelling brand for the arts and for greater national/international messaging campaign to advocate for its extraordinary Welsh arts organisations and artists*”.

¹ *Light Springs through the Dark: A Vision for Culture in Wales* – Welsh Government (December 2016)
<http://gov.wales/docs/drah/publications/161213-a-vision-for-culture-in-wales-en.pdf>

6. This we agree “*will provide invaluable endorsement and national pride*”. We would suggest, as might be expected, that the brand exists in the form of Wales Arts International. We are currently preparing the way for the next strategic period 2018-2021. Impact and recognition, coupled with the right business planning, accessing new investments and support will be at the forefront of our planning as we prepare for the next international forum in spring 2018 (see wai.org.uk/internationalforum).

7. The arts and creative industries make a significant contribution to the economic well-being of Wales. The Government’s Cultural statement noted:

“The creative industries are a vital engine of our economy. They contribute jobs and wealth and help to put Wales on the map, raising its image world-wide. The latest figures (2014) show that we have over 5,300 creative businesses, which generate over £2.1 billion annual turnover, and give employment to over 49,000 people.

The culture sector produces talented individuals with transferable skills that benefit our creative industries. The not-for-profit culture sector can develop digital initiatives from which the commercial creative industries subsequently benefit.”

8. In the wake of last year’s EU referendum, and with the Welsh Government’s renewed commitment in its Programme for Government to make Wales an international and outward facing nation, we believe that there is both an opportunity – and a need – for the arts and wider creative sector to be more active on the world stage. However, these opportunities depend critically on building the capacity and skills of our arts companies and creative professionals, enabling them to think (and have time to think and plan) internationally – helping them to access new markets for their product or services, as well as a mix of funding to make this possible in a sustainable way.

9. Often the experience of working internationally can change an artist or a company’s perception of their own product or service. Similarly for the Arts Council of Wales and Welsh Government, engaging internationally forces us to consider Wales’ “Unique Selling Points”. Nothing is more unique to Wales than the Welsh language. As our artists have proved, Welsh language material can travel to Australia and Taiwan and India and hold its own on an international stage, finding resonance with seemingly disparate audiences. The skills of working in more than one language in the arts are much needed internationally. Sharing skills in this day and age is an important income stream for many of our portfolio and offers new unchartered markets for Welsh companies. In China for example there is much interest in trans-lingual approaches.

Case study: China

The aim of the Cultural Memorandum of Understanding between the Welsh and Chinese Governments is to grow cultural engagement between our countries. In Wales this means, developing opportunities and growing understanding of how to engage in the Chinese market.

WAI organised the cultural element of Welsh Government's Trade and Culture Mission to China in February 2017 led by Ken Skates AM, Cabinet Secretary for Economy and Infrastructure. During this visit the delegation of 8 cultural businesses identified a range of opportunities to build relationships with a number of Chinese arts and cultural businesses, whilst growing a new market for their work and skills.

The delegation identified some of the challenges for Wales-based creative businesses. The most significant of these was a lack of understanding of the practical details of the Chinese arts market and the challenges to building informed and productive engagement. These challenges are linguistic, but also have complex political, economic, social and cultural dimensions to them.

A first year activity report has been co-produced by Dr Haili Ma, Senior Lecturer in Chinese Studies and Dean of Chinese College at Cardiff University and Head of Wales Arts International, Eluned Haf. It recommends using the Creative Economy as Wales' strategic entry point to China. Not only can cultural and creative companies grow their own business in China they can also crucially open doors for other business transactions whilst also giving Wales a unique identity in China. The report also recommends measuring the China-Wales arts and cultural development. We should use the global cultural exchange and trade benchmark – 2005 UNESCO Convention and its latest update of 2015 Re-Cultural Policy – integrating it fully through the Welsh Government's Future Generations Act.

10. The opportunities are there. But we will need to do more to enhance existing international business development programmes, in partnership with Welsh Government and our portfolio of clients. The complementary roles of the Welsh Government's Creative Industries team and the Arts Council reflect the link between economy and culture. And as plans for Creative Wales take shape, we should all be alert to the possibility that we could do more together to support and enhance the Government's ambitions. Proper alignment between our respective responsibilities could result in a more effective strategy that delivers greater economic and cultural success.

11. Our aim should be to test and develop routes to new markets and enhance international business capability of the cultural and creative sector to increase exports to new markets and grow employment in Wales. Potential target sectors would be:

- Music
- Performing arts
- Festivals
- Publishing and Literature
- Crafts and applied arts
- Visual arts
- Film and TV
- Digital and Gaming
- Fashion
- Architecture

Case Study: EU Cultural and Creative Sectors' Export and Internationalisation Support Strategies

“Internationalisation and exports of CCS are important for cultural, economic and social reasons. Internationalisation brings about enlargement of audiences, cultural diversity and increased cultural cooperation, while exporting supports the growth of cultural and creative entrepreneurs. In addition there are also spill-over effects in other sectors, including country branding and increased tourism and trade.”

Wales has much to gain in exchanging good practice about the way we design policies and funding schemes. Welsh Government and Arts Council of Wales have participated in this form of EU cooperation which is called "Open Method of Coordination" (OMC). Experts from ministries of culture and national cultural institutions meet 5 to 6 times over 18 months to exchange good practice and produce policy manuals or toolkits which are widely shared throughout Europe.

The OMC working group on Export and Internationalisation Support Strategies identified a number of weaknesses and challenges. These need to be addressed by policy makers in order to unlock the full export potential of European culture and creative sectors. Many of its recommendations are relevant to Wales.

They include:

- allocating particular support to the key export promotion measures of packaging, marketing and branding;

- establishing a product development fund for other niches in CCS than the traditional ones;
- devising measures to foster managements, agents and other similar intermediaries;
- setting up appropriate schemes for participation by CCS companies in festivals, fairs and markets;
- promoting awareness of business models and earnings logics based on IPR with a view to attract more public and private funding including grants, loans, guarantees, equity etc.;
- increasing synergy and coordination between different public support and financing schemes in order to establish user-friendly paths for internationalisation and growth.

https://ec.europa.eu/culture/policy/strategic-framework/european-coop_en

Advice and expertise

12. Creative individuals and companies need help and support at many different stages in their development. From the young emergent artist to the established professional, the individual sole trader to the Small or Medium Enterprise, effective intermediary support is needed that provides relevant, specific advice. Arts Council/Wales Arts International have the country's highest concentration of expertise in and about the arts and their routes to international markets. It is paramount (as suggested by the EU report above) that synergy and coordination between the work of Arts Council / Wales Arts International and Creative Wales/ Business Wales is guaranteed. If this happens, we will have a powerful mechanism to provide the quality and specific nature of the next stage business advice that is needed for these creative companies and individuals to exploit opportunities.
13. Improved research and economic impact assessment is needed to match Wales' cultural and creative companies with relevant markets. This programme should partner not only educational research bodies such as our universities, but also expert intermediaries in the field of Creative economy who may not necessarily be based in Wales currently.

Case study: International Opportunities Fund as a leverage for international investment and work opportunities

Wales Arts International manages the International Opportunities Fund (IOF) on behalf of Arts Council of Wales. Over the 4 year evaluation period (2008-2012) IOF funded 193 travels which benefited individual artists (72%) and companies. 46% of the travels in this

period were in Europe. Wales Arts International is currently embarking on an evaluation of the period 2013-2017

The impact of IOF on the mobility of artists and arts organisation can be summarised as follows:

- The fund helped artists to gain new work, bringing new investment into the arts and creative economy of Wales from external sources
- The fund supported projects that have sustainable / long term development for the artists which leads to more employment and work opportunities
- The fund helps to develop cultural relations through the arts which contributes towards Wales' soft power and trade relations
- The fund enables R&D for further projects that will take place in Wales or outside the UK

The average grants allocated ranged from £1,272 to £2,083 corresponding to a percentage of the total budget of the project between 43% and 47%. In total £331,937 was allocated to projects whose overall spend amounted to £1,228,217,

For more information see <http://www.wai.org.uk/news/5976>

Growing new international markets

14. Through our longstanding partnership with the British Council, our international networks and more recent work with other UK agencies and partnerships such as Horizons UK- Ireland, Wales Arts International has contacts that can leverage export and employment opportunities for our sector around the world. Our staff have helped to run the Welsh Government's Creative Europe desk and we have contributed cultural expertise to the preparation and delivery of international trade missions, by the UK and Welsh Governments. Arts Council staff have also been working in partnership with Welsh Government and UK agencies on specific event under the brand Cerdd Cymru Music Wales, the partnership that hosted WOMEX in 2013 and has provided Welsh presence at key showcases and festivals eg SXSW, Lorient, WOMEX, Showcase Scotland, Focus Wales.
15. We coordinate the Welsh Government's Memorandum of Understanding with the Government of China's Culture Ministry and provide regular intelligence on Welsh cultural links internationally ahead of Ambassadorial meetings by the First Ministers. We have demonstrated that a cultural element can enhance the impact of international relationship-building. However, our experience has showed that a more integrated approach across the arts and creative industries would ensure that the benefits are more widely felt.

Case study: International Showcasing Fund South by South West (SXSW) 2017

Managed by PRS Foundation, the International Showcase Fund (ISF) offers grants of up to £5,000 to enable the UK's most promising artists to perform at international showcase events such as SXSW, Eurosonic, Reeperbahn, Folk Alliance and JazzAhead. The fund is a partnership between PRS Foundation, Department for International Trade, Arts Council England, British Underground, The Musicians' Union, PPL, Creative Scotland and PledgeMusic. For 2017, PRS Foundation and Wales Arts International (WAI) piloted a joint Welsh music pot for ISF for South by South West (SXSW) in conjunction with the wider programme for other UK nations.

Previous Impact Evaluation Results show a Return of Investment of **£8.90 for every £1 invested** and we would expect similar results from SXSW 2017 as it's the best attended showcase event in the ISF calendar-year and traditionally results have been.

16. There are a number of ways that more support could be given to companies and micro companies (often creative professionals) to grow new international markets:
- Research market opportunities for the sector as a whole
 - Provide signposting services to existing support mechanisms (eg trade missions and market research by Welsh Government) eg <http://www.wai.org.uk/7162>
 - Strategic Export visits to and from key markets– including with UK wide bodies
 - Networking – bringing arts and creatives together around key opportunities eg Chinese New Year, St Davids Day
 - international business mentoring to mainstream international market opportunities into companies' business plans
 - international exploitation of artistic content and rights produced in Wales (Theatre and TV / film formats / literature for films/ dramas etc.)
 - support representation and participation in new key market showcase and trade events
 - hosting buyers from key markets in Wales (e.g. hosting TV companies from China in Tramshed in December 2016, WOMEX 13, British Dance Edition 2015, World Harp Congress 2020)
 - piloting new models of collaborations to increase revenue from international markets (e.g. Clogau Gold and Claire Jones , Google Garage and Tramshed; NoFit State)
 - Export preparation workshops and advice in identifying new markets (country focus events – e.g. a workshop event for arts and creative companies wishing to work in China on 23rd November 2017 <https://www.eventbrite.co.uk/e/working-in-china-arts-and-creative-industries-workshop-tickets-39518171916> .

Case Study: Harpist Claire Jones - Ambassador for Clogau Gold

Glogau Gold's Asia Director Kevin Wu explained during the Welsh Government's Trade Mission to China the benefits of the company's investment in Royal Harpist Claire Jones as their international ambassador. The company commissions performances by the harpist at key business events internationally, which in turn creates new audiences and concerts for Claire.

<http://www.clogau.com/ambassadors.aspx>

Case study: No Fit State Circus international showcase pilot support

Following on from its International Showcase Research in 2014, Wales Arts International has been piloting and monitoring what an increase in presence at international showcase events can mean to Welsh company No Fit State Circus (NFS). For NFS, exporting their work is essential to sustain employment and their growing ambition in Wales.

The £15,000 per year investment enabled the company to focus on international market places to sell the company's portfolio of performances until 2020 and to map out "NoFit State's International network" through the creation of a database that will be used for years to come. In the first 24 months, NFS attended 22 key international showcase events in 11 countries. Of note is the importance the company places on being able to retain personnel with the international experience and skills to not only develop their international strategy but importantly to maintain key international relationships and to grow investment from outside Wales.

The return on investment in 2016 was £307,915, £151,680 in 2017 and the predicted return on investment for 2018 is £472,280. However, it's also important to note that this investment is not made in isolation as NFS is a Revenue Funded client of the Arts Council of Wales. They have also been supported by Welsh Government to grow their international export. Their case highlights what is possible with some resource and joined up thinking by the agencies.

The impact of 'soft power' and cultural relations

17. The opportunities for 'soft power' provided by the arts and creative industries have an economic as well as cultural value. The recent UK government white paper (2016) from DCMS

said: *“The UK already ranks highly in surveys of soft power and national brand. The government wants our national culture to enhance our global reputation further.”*

18. Soft power is at the heart of the new “Global Britain” campaign which aims to *“demonstrate the UK’s economic stability and position as a world class centre for business, in order to encourage continued investment from Business leaders in our top priority countries. It will promote the UK’s culture and values of tolerance and openness, with key influencers across our top priority countries, in order to strengthen our reputation and influence.”*
19. Wales needs to map out our own priorities and approach to cultural relations to feed into the UK wide work undertaken by British Council. The arts are important in this, not just because they showcase the best of Welsh talent on the world stage but because of the conversations and relationships they unlock. High quality cultural activity gets smaller countries onto the international map, increasing their visibility, authority and reputation. UK wide initiatives such as the GREAT campaign are important, but they operate best for Wales when complemented by an effective Wales component.
20. Many of our cultural institutions are significant tourist attractions, drawing visitors from around the world to Wales. More recently, creative productions made in Wales, such as “Sherlock” are more well-known globally than the country in which it has been created.

Case Study: Argentine National Endowment for the Arts

The Endowment has its own cultural centre and residency at the old home of Victoria Ocampo, the Argentine writer and intellectual and a friend of Dylan Thomas’ who translated *Under Milk Wood*).

Although the Fondo Nacional de las Artes is a self-governed organization it operates the policies and priorities of the Ministry of Culture of Argentina. It describes itself as a National Bank for the Arts with National and regional responsibilities. Established in 1958, it created a financial system to support and encourage artistic, literary and cultural activities across the country.

Various institutions from all over the world have adopted its innovative format and its pioneering management model. Among them, the International Fund for the Promotion of Culture of UNESCO, created in 1974.

Fondo Nacional de las Artes boasts that it reinvests in today’s artists, thanks to the artists of yesterday through the income created by the paid public domain (works belonging to public

domain after their copyright expired, 70 years after the decease of the author); through income from legacy, heritage or donation and other resources.

Fondo Nacional de las Artes offers grants for production, capital, training grants, prizes and loans (including microcredits and mortgages).

Safeguarding jobs, creating employment

21. Public funding helps create and sustain thousands of high quality jobs. But creative individuals increasingly see themselves as operating between the two spheres of the arts and creative industries. Without the 'creative' there is no 'industry'. The arts help grow an institutional infrastructure for new ideas and experimentation. The subsidised arts are often the 'test-bed' for ideas and developments that are then exploited for commercial benefit – theatre productions have enjoyed financial success on tour; and digital projects, developed through our R&D partnership with NESTA, have pointed the way to the potential commercial exploitation of Intellectual Property.
22. Through its funding the Arts Council encourages innovation and experimentation. This support offers the security to innovate and take risks, tackle new challenges and opportunities. In some cases this will reveal market opportunities and/or ways of commercially exploiting ideas and IP. Ensuring a smooth transition from the subsidised to the commercial, with access to appropriate advice and investment, maximises the return on public funding.

Case study: WOMEX 13 Cardiff Legacy

Four years on since Wales hosted the first international cultural showcase event WAI's evaluation due to be published in early 2018 show that in addition to the immediate total direct economic impact of the combined festival & opening concert of £2,896,232 to the local economy (3:1 return on investment), the legacy impact on showcasing artists includes:

- 9Bach showcase and their presence at WOMEX 13 directly resulted in a 25% increase in income for the band over the following year and a 5% increase in social media following as a result of WOMEX 13. 9 Bach were signed to Real World Records in 2013, which the band attributes in part to their WOMEX journey. 4 years on the band's presence and billing at UK and international festivals continues to grow as does their profile and following. WOMEX 13 generated in excess of £50,000 for the band. However finances of working internationally remain a challenge.
- Catrin Finch and Seckou Keita: of the 59 concerts the duo performed in the year after WOMEX, 30 were the direct result of the WOMEX 13 showcase. Many of these generated further bookings and so the WOMEX effect goes on. WOMEX 13 showcases

delivered an estimated 25% of the duo's income through performance in the first year alone and has since generated well in excess of £50,000. Four years on and performance discussions that began at WOMEX 13 are still on going and will come to fruition in the coming years. On the back of the success of Catrin and Seckou, Mwldan theatre in Cardigan who curated the project has gone on to establish the new Bendigedig label.

- Calan: Although they were not a showcasing act in WOMEX 13, Calan have arguably been the band who has benefited the most from the event in Cardiff. They performed as an emerging act in the Wales showcase at WOMEX 10 Copenhagen, when Cardiff was bidding to host WOMEX. Calan have grown alongside the WOMEX journey and in 2016 the band finally became fully professional.

HORIZONS UK- Ireland

In addition to the impact on the artists, another key legacy of WOMEX is the Horizons UK-Ireland partnership which has led to England, Ireland, Northern Ireland, Scotland and Wales continue to share presence at WOMEX under the Horizons banner (deriving its name from the words on the façade of the Wales Millennium Centre).

The partnership (created by Wales Arts International for Arts Council of Wales, together with Arts Council of England, Arts Council of Northern Ireland, Creative Scotland, Culture Ireland, British Council, British Underground and Department of International Trade) is the only model where all the partners work together and co-invest internationally in this way and offers an unique model and a way of projecting our combined force internationally at time where Brexit is looming.

Brexit

23. Whatever Brexit brings, there are a number of issues that are specific to the arts and creative industries. Many will be shared across the cultural, educational and heritage sectors. Although not strictly within the remit of the Committee's current Inquiry, these issues do nevertheless need to be addressed clearly and systematically if Wales is to continue to benefit economically, culturally and socially from its international relationships. The creative industries are an important and growing sector of the economy in Wales with strong links to the arts. The creative industries have their origin in individual creativity, skill and talent that has the potential for wealth and job creation through the generation and exploitation of intellectual property. The arts nurture the imagination and vision that provide the steady flow of new ideas and products that enable economic exploitation through the creative industries.

24. Every sector has its Brexit issues and the creative industries and the arts are no different. However, we are aware that the Welsh Government's strategy is to focus in the first instance on those cross-cutting issues that apply more widely to economic, social and cultural life in Wales. We have organised this note accordingly.
25. Over the past year we have hosted a number of consultative meetings. Four key areas of risk have been consistently identified. They are:
- **Talent and skills** – including freedom of movement for specialist workers, skills shortages, visas and touring
 - **EU funding** – including access to Horizon 2020, Interreg, Erasmus+, Creative Europe, cultural exchange, export opportunities, eligibility in the run-up to Brexit
 - **Trade and investment** – including the EU as a principal market, new markets, regulated services, tax credits, World Trade Organisation terms
 - **Regulatory frameworks** – including Digital Single Market, intellectual Property rights, copyright protection, influence over new regulations

International working

26. In these challenging times it is more important than ever that as global citizens we understand better the world around us. Maintaining cultural links with Europe has more than symbolic value. Exchanges in arts and culture helps us to build relationships, share experiences and unite us in working together to build stronger and more inclusive democratic structures.
27. Wales' continued participation in a range of international networks remains important. They provide intelligence and information about international markets and opportunities. Such intelligence will be vital if we're influence future debate and develop new cultural and trading relationships in Europe and further afield.
28. Our success in the arts and creative industries depends on openness and the quality of our international engagement with other countries. Sustaining this remains a vital national interest. Wales will respond more effectively to future challenges if it can develop a coherent international cultural strategy.
29. The impact of Brexit goes further than issues around legislative powers. And important as it is to get the settlement right for Wales in terms of making devolution work, an international cultural strategy is needed to enable all of the sub sectors (including government departments and public and private organisations) to align our priorities accordingly.

30. Wales is small enough for a meaningful strategy to be operational across sectors. The Committee could support such a proactive international approach by hosting a forum to bring together the depth and breadth of experience in working internationally that Wales has as well as the UK agencies that can help deliver such a strategy. The Arts Council of Wales and our international arm Wales Arts International would be more than willing to cooperate or to lead this work through our International Forum, as mentioned above, due in 2018.

Case Study: Quebec Society for the Development of Cultural Enterprise (SODEC)

Whilst The Arts and Literary Council of Quebec (CALQ) has a mission similar in scope to that of the Arts Council of Wales, SODEC deals with the promotion and support of Québec cultural enterprises, including the media, on behalf of the Ministry of Culture and Communications. It also contributes to increasing the quality of products and services, and their capacity to be competitive in Quebec, the rest of Canada and internationally.

SODEC has a variety of tools at its disposal but focuses largely upon applicants' business plans in an effort to support the production, distribution and export of Québec cultural products. SODEC offers a variety of financial support, including loan guarantees, loans, revolving credit or stock investments, grants, repayable funding or investments, and the forms of aid it has to offer are tailored to suit particular sectors. SODEC also administers Québec Government tax credits available to the cultural sectors, and has responsibility for ensuring the collective presence of the enterprises it supports at international fairs, trade shows and markets.