SPECIFICS OF CREATIVE ECONOMY IN A DIGITAL WORLD

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Abstract: *The creative economy has emerged as a significant contributor to global economic activity. This sector drives innovation and cultural development, and it has become one of the most dynamic segments of international trade. Digitalization is further expanding the reach of creative industries by enabling new forms of content creation and distribution. However, this shift also underscores the importance of robust intellectual property rights to protect creators and sustain growth in the creative economy.*

Keywords: *Creative economy, creative industries, global GDP, employment, innovation, digitalization, intellectual property rights, international trade.*

Introduction

The creative economy broadly refers to knowledge-based economic activities rooted in human creativity, intellectual property, and technology. It has emerged as one of the most rapidly growing and highly transformative sectors of the global economy. Creative industries contribute significantly to economic output and employment, accounting for roughly 3% of global GDP and over 6% of jobs worldwide[1][1]. They also spur innovation and generate substantial trade revenue, with global exports of creative goods more than doubling over a decade to exceed US$600 billion[2].

The ongoing digital revolution has opened new avenues for creative content production and distribution[3], while simultaneously raising challenges for traditional business models and intellectual property (IP) frameworks in the sector.

Economic Significance of the Creative Economy

The creative economy contributes robustly to economic output, employment, and innovation at both global and national levels. Even amid recent economic uncertainties, creative industries

have shown resilience and an ability to drive recovery. Global estimates compiled in 2023–2024 reinforce the creative sector's macroeconomic importance. As noted, creative industries generate over 3% of global

GDP [4]. This is on par with sectors like agriculture or banking, highlighting that creativity is big business. In terms of jobs, the creative economy plays a vital role in providing employment opportunities, especially for youth and in urban centers. While different methodologies produce varying figures, recent UN data suggest that the creative economy worldwide supports on the order of 50 million jobs, and in many countries the creative workforce is expanding faster than overall employment[5]. Notably, creative industries tend to employ a higher proportion of young people (aged 15–29) than other sectors, reflecting the appeal of creative careers in the digital age. This demographic aspect is significant for policymakers seeking to leverage the creative economy to promote youth employment and entrepreneurship.

Another striking feature is the outsized role of creative and IP-intensive industries in advanced economies. In addition to the EU figures mentioned earlier, similar patterns appear elsewhere. In the United States and United Kingdom – consistently top-ranked in global IP indexes – core copyright industries (such as entertainment, software, and advertising) make multi-percent contributions to GDP and have shown stronger growth than many traditional industries. By contrast, in developing countries, the creative sector often accounts for a smaller share of formal GDP, yet it can still be a significant source of exports and cultural influence (for instance, sectors like crafts, design, and film can be flagship exporters for some emerging economies). Many governments now recognize the dual economic and cultural significance of these industries. According to a 2023 UNCTAD survey of developing countries, over 70% had implemented a national strategy or policy unit dedicated to fostering the creative economy. This marks a shift from past decades, as creative industries are no longer seen as peripheral; they are increasingly central to diversification, especially in economies transitioning away from resource dependence[6].

Crucially, the creative economy's growth has been intertwined with the expansion of the digital economy and the rise of intangible assets. Digital platforms, streaming services, and e-commerce have opened global markets to creative products, while IP rights enable creatives to commercialize their content across these platforms. For example, the proliferation of streaming has greatly expanded the audience (and revenues) for music and film, but has also raised challenges for copyright enforcement. The COVID-19 pandemic initially dealt a heavy blow to cultural sectors (with venue closures and event cancellations in 2020), yet it also accelerated the delivery of digital creative content. By 2022, many creative industries had rebounded. Global trade figures show that, after a pandemic dip, creative goods and services are not only recovering but also surpassing pre-pandemic levels. This resilience is partly credited to digitalization and effective IP management, which have enabled new revenue streams (such as online content sales, virtual events, and increased demand for entertainment during lockdowns).

International Trade in Creative Goods and Services

International trade is a key dimension of the creative economy, reflecting global flows of cultural goods, services, and intellectual property. In recent years, trade in creative products has grown faster than overall trade, led by services. According to UNCTAD's latest Creative Economy Outlook, world exports of creative services reached a record high of around $1.4 trillion in 2022. This figure represents a 29% increase from 2017, underscoring the strong growth trajectory of creative services even during the pandemic. By 2022, creative services accounted for roughly 19% of all global services exports – nearly one-fifth of the world's traded services. A decade earlier, this share was only about 12%, underscoring how central creative services (such as audiovisual content, software, and R&D) have become in international commerce. In contrast, global exports of creative goods (such as books, crafts, fashion, and toys) totaled about $713 billion in 2022. Creative goods trade has grown too (up 19% since 2017), but it remains around 3% of world merchandise export value[7]. This gap reflects the intangible nature of many creative outputs and the digitization of content (for example, music and media now flow via digital services rather than as physical goods).

A notable trend is the concentration and composition of creative service exports. A handful of countries dominate exports in this arena, largely advanced economies with strong technology and IP infrastructure. For instance, the ten largest exporting countries account for over 70% of global creative services exports [3]. In 2020 (the latest year with detailed country data), the United States was the top creative services exporter ($206 billion), followed by Ireland ($174 billion), and then Germany, China, and the UK [3]. These top five alone made up a substantial share of the trillion-dollar market. Many of the leading exporters of creative services are those with significant IT and software industries (e.g., Ireland's software service exports are exceptionally large) or strong audio-visual sectors backed by IP rights. On the other hand, developing countries are underrepresented in services exports – in 2020, they supplied under 18% of creative services trade [3], though this is gradually rising (up from around 10% a decade prior [5]). In creative goods, the landscape is somewhat different: China has become by far the largest exporter of creative goods (exporting $169 billion in 2020, mainly in design-intensive goods and new media), dwarfing the next-largest exporters, which include the US, Italy, Germany, and Hong

Kong [3]. This reflects China's strength in manufacturing and design, from fashion to consumer electronics, with creative content.

The composition of creative service exports reveals which activities are driving this trade boom. As shown in Figure 1, the largest component of global creative services exports in 2022 was software services, which comprised about 41% of the total [5]. This category includes computer services, video game development, and other software-related creative work – all of which are heavily dependent on copyright and technological IP. The second-largest segment was research and development (R&D) services, accounting for roughly 31%. R&D services (such as architectural and engineering research, product design, etc.) also rely on intellectual property and creative expertise. Following these, advertising, marketing, and architecture services accounted for around 15.5%, and audio-visual media services (film, television, music, etc.) for about 8%. Smaller shares were contributed by information services (4%) and cultural, recreational, and heritage services (<1%), which include arts, museums, and libraries in their export-oriented activities [5]. The dominance of software and R&D in the export mix highlights the fusion of creativity with technology – creative industries increasingly overlap with the digital economy and innovation services. It also suggests why countries strong in science, technology, and innovation (STI) tend to excel in creative exports, and conversely, why improving IP regimes and innovation ecosystems can boost a nation's creative trade performance.

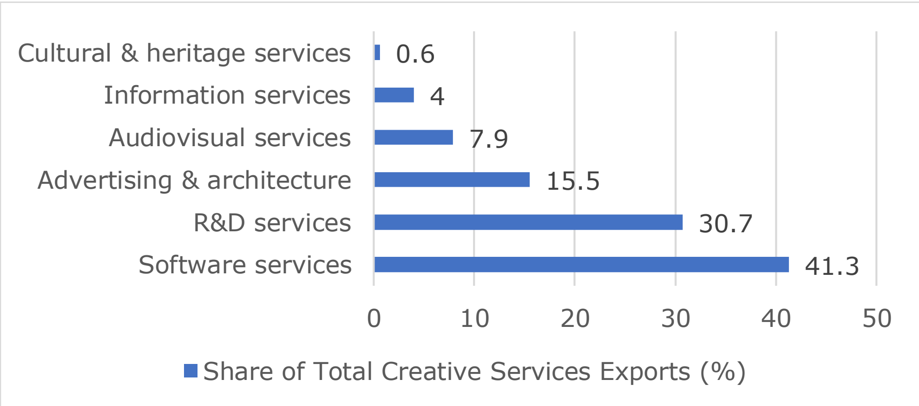

Fig 1. Composition of Global Creative Services Exports, 2022

Another lens on global creative trade is looking at which countries excel in which areas. Developed economies generally lead in high-value creative services (such as digital content, software, and IP licensing). In contrast, several developing countries have achieved success in creative goods trade (such as crafts, textiles, or design goods) and certain services (for example, India is a major exporter of IT-enabled creative services, and South Korea and Nigeria have rapidly growing audio-visual exports in the past decade). Table 1 illustrates the top exporters for creative goods and services, respectively, based on the latest pre-pandemic data (2020), which still serve as a benchmark for global market structure.

Table 1. Leading exporting countries of creative goods and services.[3]

Rank	**Top Creative goods Exporters (2020)**	**Export Value (US$ billion)**	**Top Creative Services Exporters (2020)**	**Export Value (US$ billion)**
1	China	169	United States	206
2	United States	32	Ireland	174
3	Italy	27	Germany	75
4	Germany	26	China	59
5	China	24	United Kingdom	57

As Table 1 shows, there is a marked difference between the leaders in goods and services. China's dominance in goods is evident – its creative goods exports were over five times those of the second-ranked United States in 2020. This reflects China's extensive manufacturing base for design-heavy consumer products (toys, fashion, electronics with creative content, etc.). Traditional design and luxury-oriented economies like Italy and Germany also feature among top goods exporters. In services, however, the United States and Ireland led the world, owing to their strengths in software, entertainment, and other IP-based services.

Notably, Ireland's high rank is attributed to the presence of major multinational software and tech firms whose services exports (including royalties) are recorded in Ireland: Germany, China, and the UK round out the top five for services. The UK's strong showing in services (despite a minor role in goods) corresponds to its large exports of music, publishing, and design services, supported by one of the world's strongest copyright industries. These patterns underscore how important an effective IP environment and creative infrastructure are for a country to move up the value chain from exporting low-value creative goods to high-value digital content and services.

Conclusion

In conclusion, the creative economy has proven to be a vital driver of global growth, contributing substantially to GDP, job creation, and innovation. Its rapid expansion and export success highlight the potential of creative industries to diversify economies and enhance development. At the same time, the shift to a digital environment presents new challenges, making improved digital infrastructure and modernized IP regulations essential to protect creators and creative content in the online era. Proactive policies and investments are needed to ensure the creative sector's sustainable expansion and to safeguard the rights of creative professionals. Notably, the creative economy is projected to approach 10% of global GDP by 2030 [9], underlining its strategic importance for future economic policy and sustainable development agendas.

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