The background of the slide is a traditional Chinese painting. It depicts a group of people in a garden or courtyard setting. In the center, a man and a woman are seated on a low platform, facing each other. The man is wearing a dark robe, and the woman is wearing a light-colored robe. To the left, another person is seated, and to the right, a woman is seated on a stool, holding a bowl. The painting is in a traditional Chinese style, with a focus on the figures and their interactions. The colors are muted, with earthy tones and some brighter colors for the clothing.

Spanish cultural policy and foreign action: an approach through the balance of payments

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AGENDA

- Motivation: Why Culture and International Trade
- Tools: Balance of Payments
- An example: Some Figures of Culture in Spanish International Trade

CULTURE, GLOBALIZATION AND TRADE

- A historical trend
 - Cultural creations have always been spread all around the world
 - Creativity and communication among human beings have could be never closed or limited
- Nowadays
 - Transport facilities, new mass media, new information and communication technologies

A “NEW” WORLD

CLOSER

Easy to contact,
easy to share

WIDER

New products,
new experiences,
new ways

INTERNATIONAL TRADE

- It is a positive sum game:

EVERYBODY WINS

- Increases production
- Can increase consumption

And globalization and new information and communication technologies encourage international trade

BUT ...

INTERNATIONAL TRADE

Lights

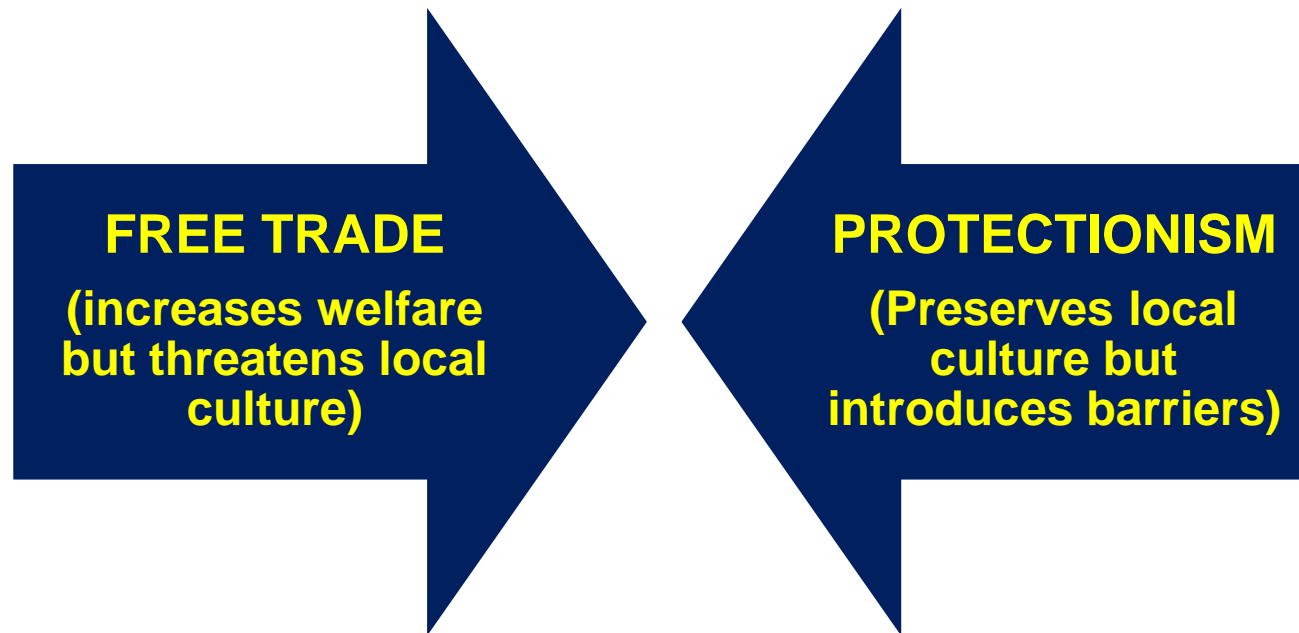


- Spreads markets, increases sales, employment, economic growth
- Exploits economies of scale in creativity, production and distribution of ideas,
- Increases sales, employment, economic growth
- Efficiency gains: increases access to a wider variety of goods and services

Shadows



- Contributes to the mass consumption of standardized goods
- It might crowd-out traditional and local cultural goods
- Potential losses in diversity and cultural identity
- Nationalism/patriotism reaction: Closing borders to persons, products and ideas



- Lights and Shadows: who is the winner?
 - Non conclusive empirical evidence (Bisin, 2015)
- There is a place for cultural policy
 - UNESCO's Convention on the Protection and Promotion of the Diversity of Cultural Expressions

FOREIGN CULTURAL POLICY

Some reasons

- Defence and promotion of cultural diversity
- Encouraging economic activity
- Enhance of national identity, prestige and social connection
- Public good characteristics

FOREIGN CULTURAL POLICY

Defence and promotion of cultural diversity

- Transnational cultural conglomerates
 - Market power
 - Homogeneity: Standardized massive consumption
- Public policy
 - Preserving local and community culture
 - Cultural Diversity (UNESCO)
 - Quotas against foreign products; grants in favour of local products
 - Protectionism?

FOREIGN CULTURAL POLICY

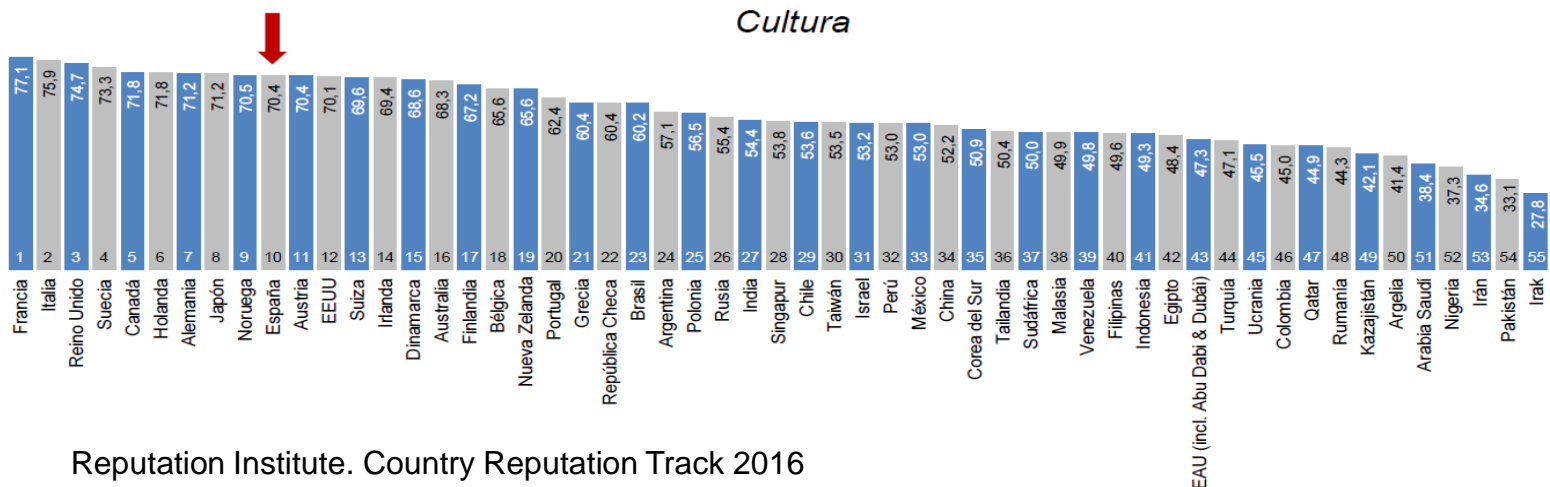
Culture improves economic activity

- Reduces psychological and economic distance among partners (countries, societies)
 - A common language triples direct investments among two countries
- Generates economies of scale in production, promotion and distribution of any kind of product
- Is a club good and generates network economies
 - The bigger the number of people sharing a culture (or a language), the higher the network economies
 - the more consumers buying the same good, the lower is the loss in identity for existing consumers and the more attractive becomes the consumption of such good for other consumers

FOREIGN CULTURAL POLICY

Culture enhances national identity

- Contributes to define and improve the image of a country and facilitates social connection
 - Country reputation is strongly linked to cultural goods
 - Culture has remarkably contributed to the recent improvement of international reputation of Spain
 - Spain is placed in 9th and 10th positions on a 55 countries survey when we talk about leisure and culture items



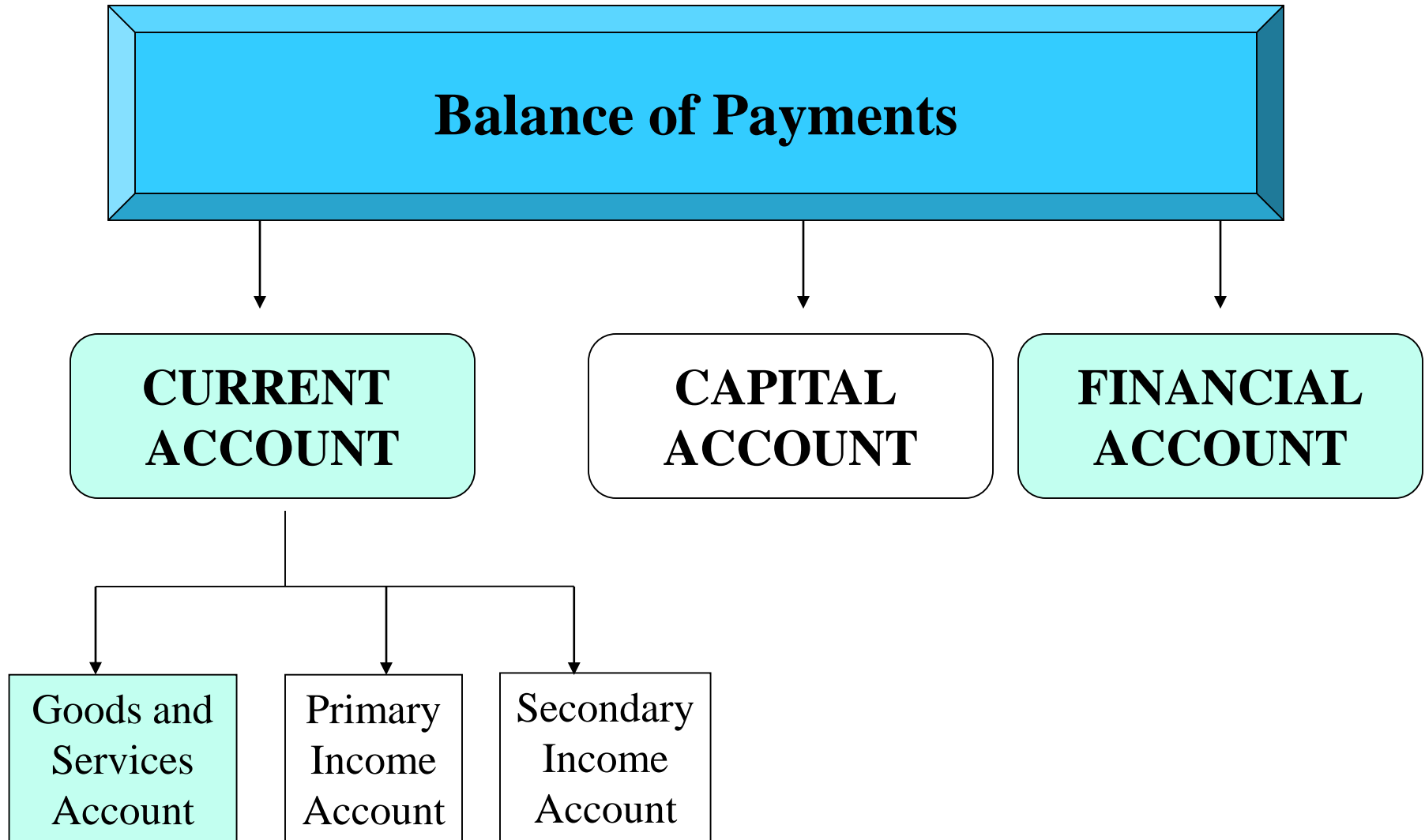
- Culture also enhances Spain's self image (Instituto Elcano)

FOREIGN CULTURAL POLICY

Public good characteristics

- More than a private economic good:
 - Distinctive nature of cultural activities, goods and services as vehicles of identity, values and meanings
 - Cultural Diversity, International cooperation and integration as public goods
- A new governance scenario
 - Bilateral and multilateral agreements (World Trade Organization)
 - A new balance between cultural exemption and liberalization of trade in cultural products

BALANCE OF PAYMENTS AND CULTURE



Cultural services

AUDIOVISUAL

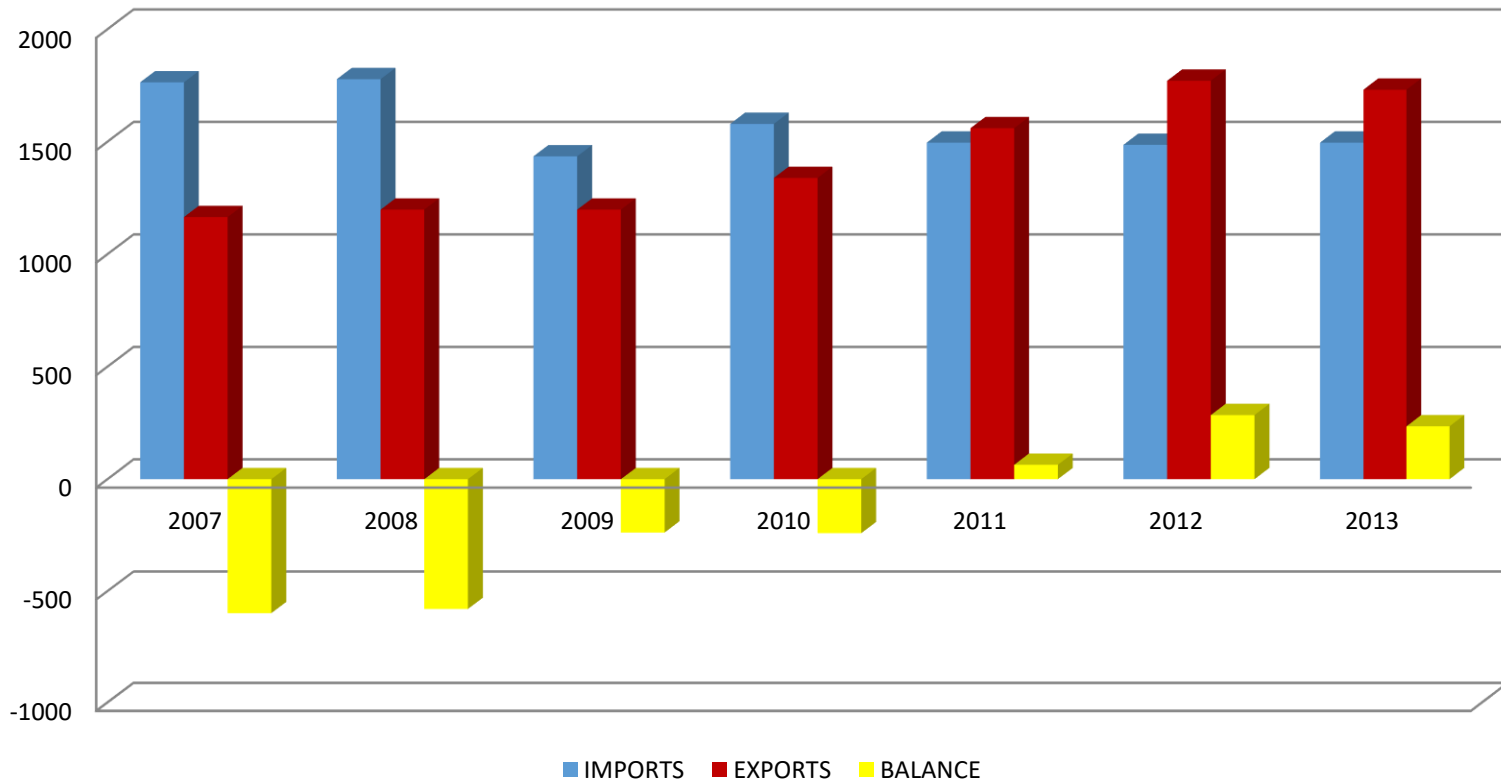
- Production of movies, TV and radio programs
- Copyrights in favour of actors, directors and producers of theatrical and performing arts and sports events

OTHER LEISURE AND CULTURAL SERVICES

- Education, Health, Museums, Sports and other cultural services

- A LOW LEVEL OF DISAGGREGATION
 - It reduces the interest of the analysis
 - Only the main figures

International Trade of Cultural Services. 2007-2015 (million €)



- Trade Balance : Switched from deficit (€599 million) to surplus (€235 million)

- **Exports: Increase (48.7%)**

- **Imports: Decrease and stagnation (-15.2%)**

- Export/Import Coverage Rate from 66% to 116%

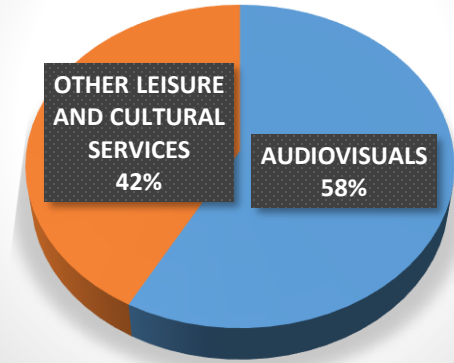
Changes in International Trade of Cultural Services (2007-2013)

CULTURAL DOMAIN	IMPORTS (%)	EXPORTS (%)	TRADE BALANCE (million €)
CULTURAL SERVICES	- 15.2	48,6	From Deficit (-599) to Surplus (235)
AUDIOVISUALS	- 14.4	49,8	Deficit Reduction (from -488 to -81)
OTHER LEISURE AND CULTURAL SERVICES	- 16,5	47.6	From Deficit (-112) to Surplus (317)

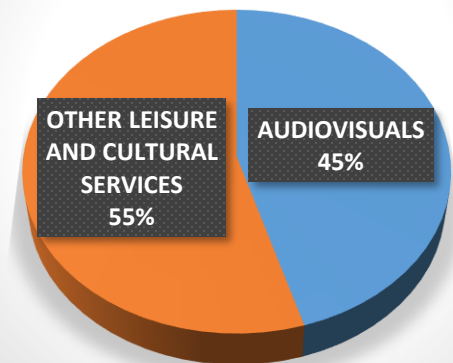
- In both headings, imports decrease and exports increase
- *Other Leisure and Cultural Services* is particularly remarkable , changing from a notorious deficit to an outstanding surplus

- Spain imports more *Audiovisuals* and exports more *Other Leisure and Cultural Services*
- This composition remains stable from 2007 onwards

Composition of Imports of Cultural Services. 2013



Composition of Exports of Cultural Services. 2013



Cultural goods

BOOKS AND PRESS

- Books
- Newspapers, journals and periodicals
- Maps and hydrographical and similar charts

VISUAL ARTS, HERITAGE, ARCHITECTURE

- Works of art (paintings, engravings, sculpture, designs)
- Photographic plates and films developed
- Antiques, collections and collectors' pieces, postage or revenue stamps
- Architecture plans and drawings

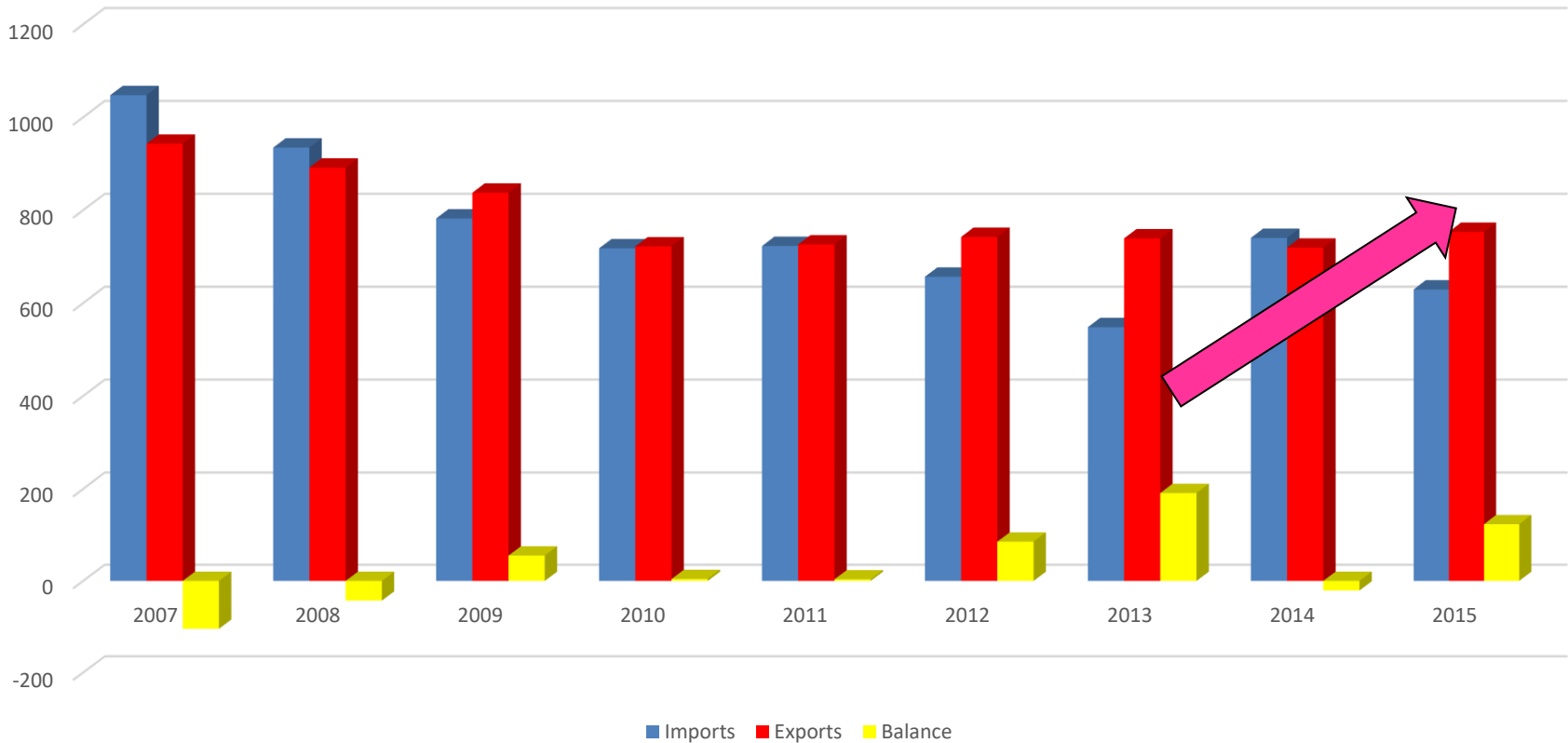
PERFORMING ARTS

- Musical instruments

AUDIOVISUAL AND MULTIMEDIA

- Cinematograph films, videogames and consoles
- Recorded media (CDs, DVDs, gramophone records)

International Trade of Cultural Goods. 2007-2015 (million €)



- Trade Balance : Switched from deficit (€104 million) to surplus (€124 million)

- **Exports: Decrease (-20.1%)**

- **Imports Decrease (-40.0%)**

- Export/Import Coverage Rate from 90% to 120%

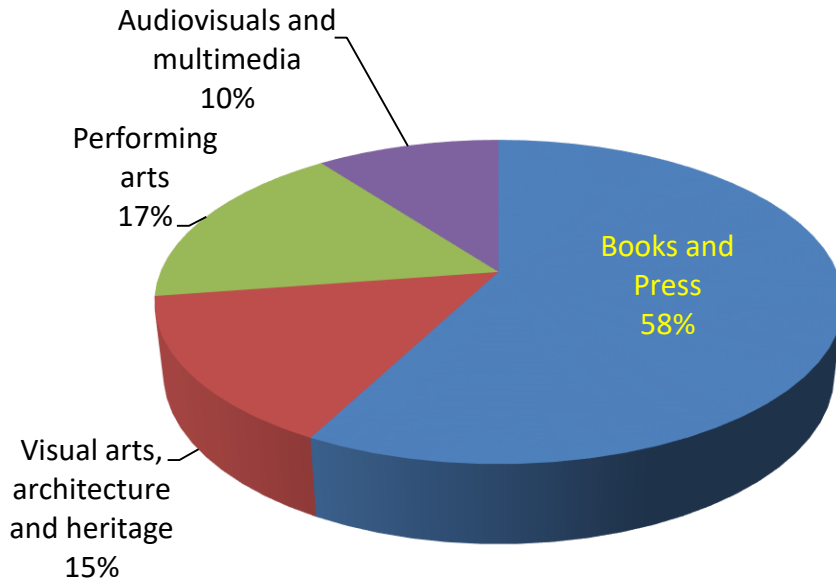
- Slight recovery of imports and exports from 2013 onwards

Changes in International Trade of Cultural Goods (2007-2015)

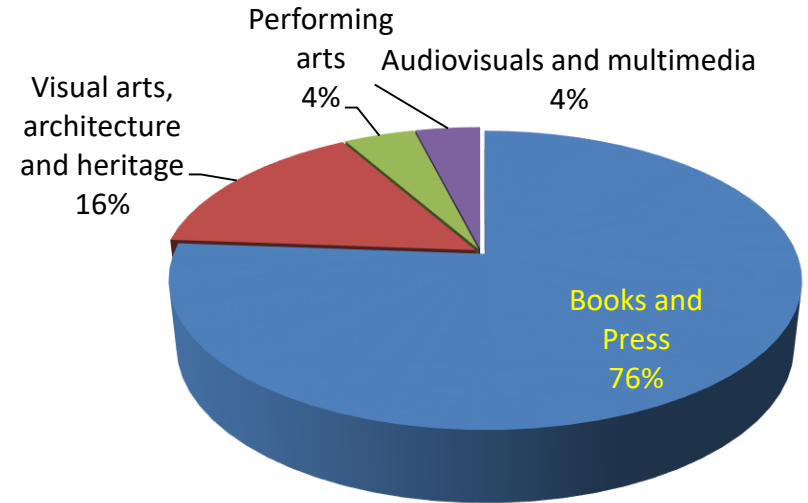
CULTURAL DOMAIN	IMPORTS (%)	EXPORTS (%)	TRADE BALANCE (million €)
CULTURAL GOODS	- 39.9	- 20.1	From Deficit (-104.5) to surplus (123.8)
BOOKS AND PRESS	- 18,1	- 23,4	surplus Reduction (from 305.9 to 210.6)
VISUAL ARTS, HERITAGE AND ARCHITECTURE	- 56.8	51,5	From Deficit (-140.0) to surplus (23.2)
PERFORMING ARTS	5.4	- 4,1	Deficit Increment (from -68,1 to -75,0)
AUDIOVISUAL AND MULTIMEDIA	-77,3	- 64,0	Deficit Reduction (from 202.3 to 35.0)

- In general, figures improve because crisis has slowed down international trade
- Today Spain is a net exporter of Books and Press and Visual Arts

Composition of Imports of Cultural Goods. 2015

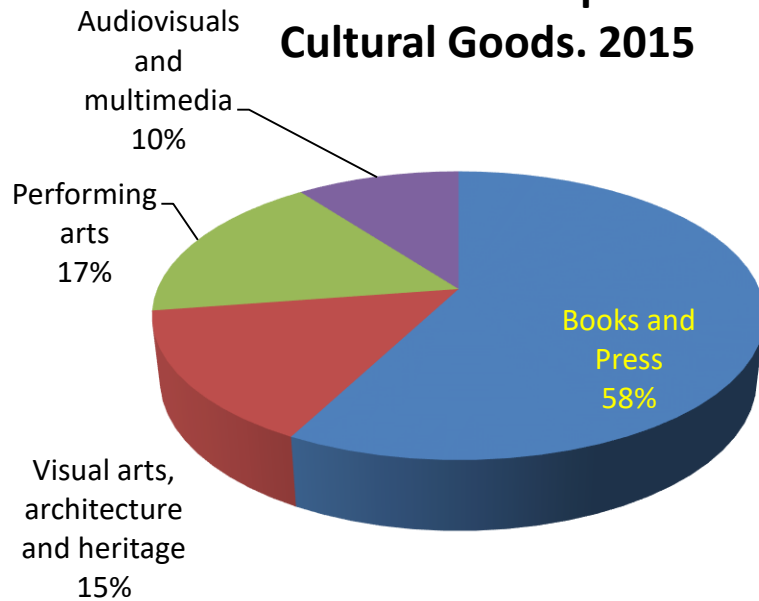


Composition of Exports of Cultural Goods 2015

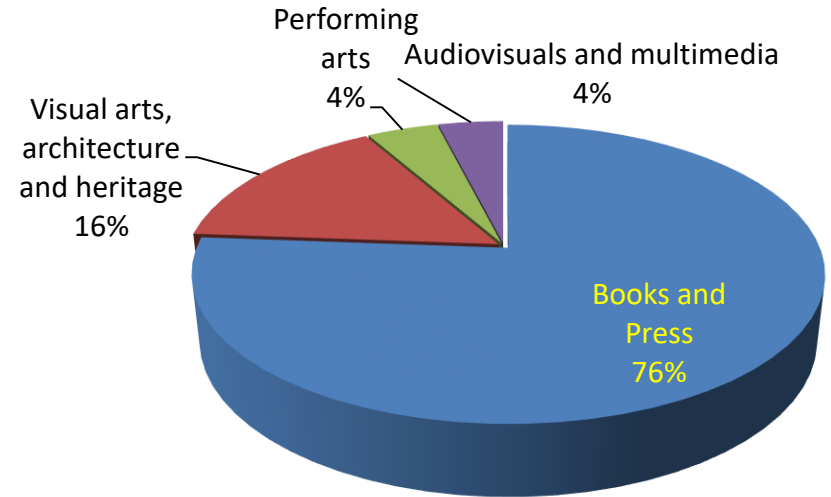


- *Books and Press* is the main category of Spanish imports and exports
- Audiovisuals and multimedia are in the opposite situation

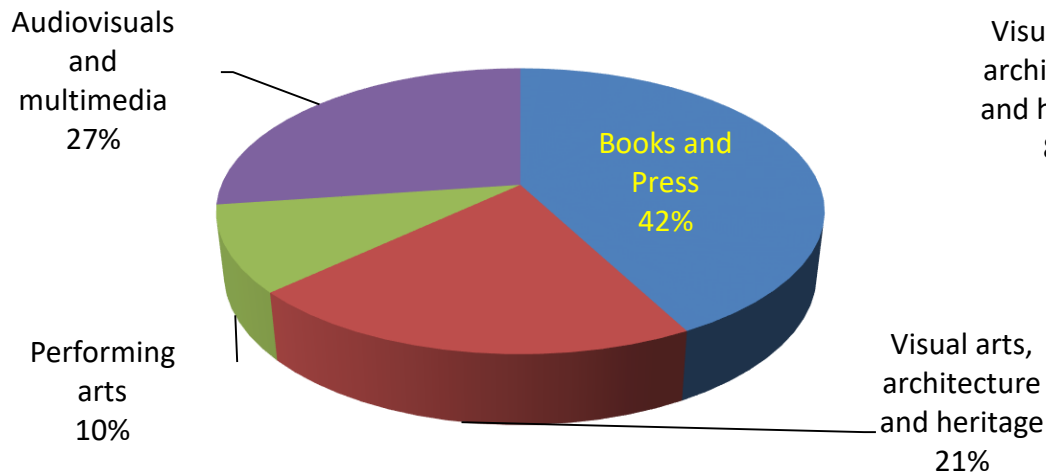
Distribution of Imports of Cultural Goods. 2015



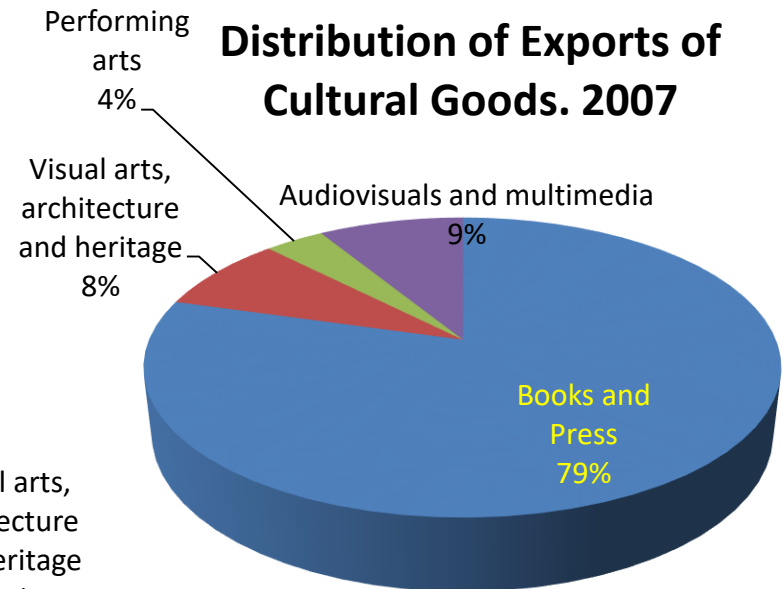
Distribution of Exports of Cultural Goods 2015



Distribution of Imports of Cultural Goods. 2007



Distribution of Exports of Cultural Goods. 2007

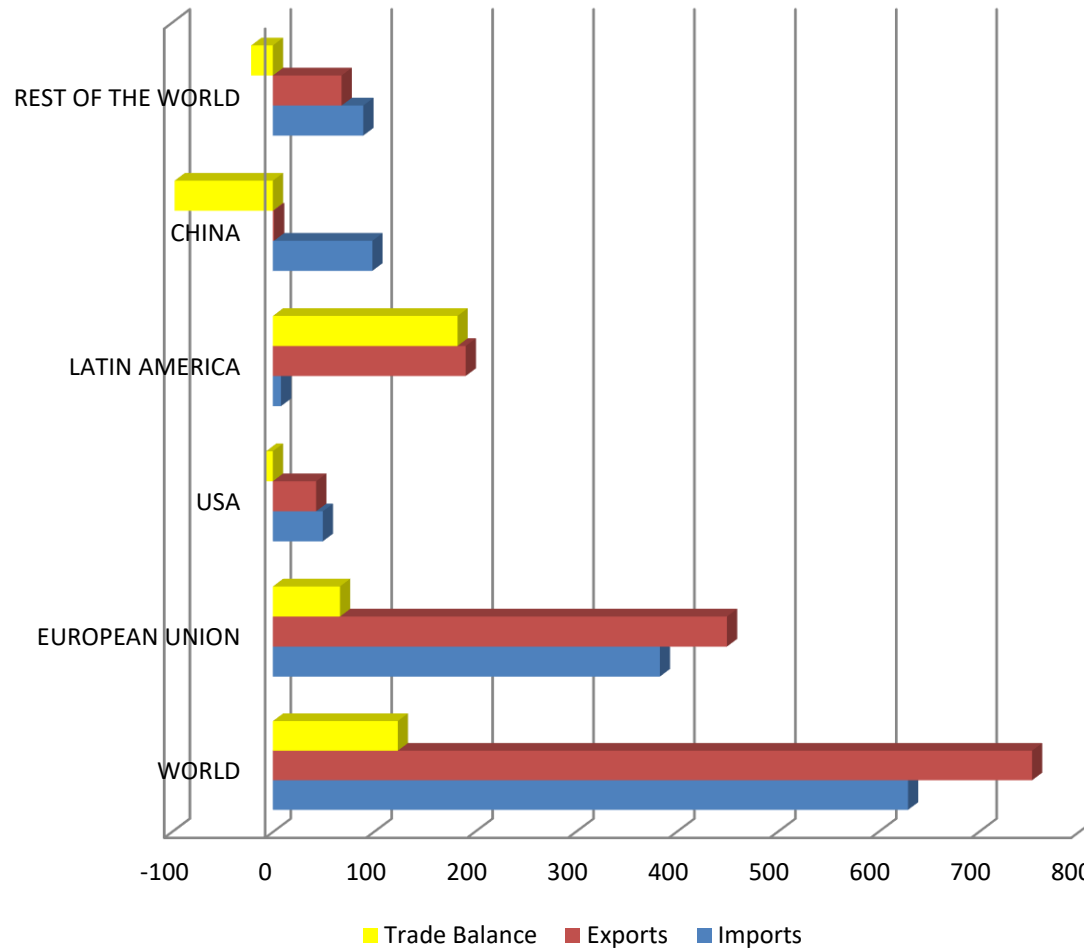


INTERNATIONAL TRADE OF CULTURAL GOODS. DESTINATIONS

TRADE BALANCE 2015

- Global
 - Positive, mainly thanks to our exports to Latin America (and EU)
- Positive
 - Latin America
 - European Union (EU)
- Negative
 - China
 - Rest of the World

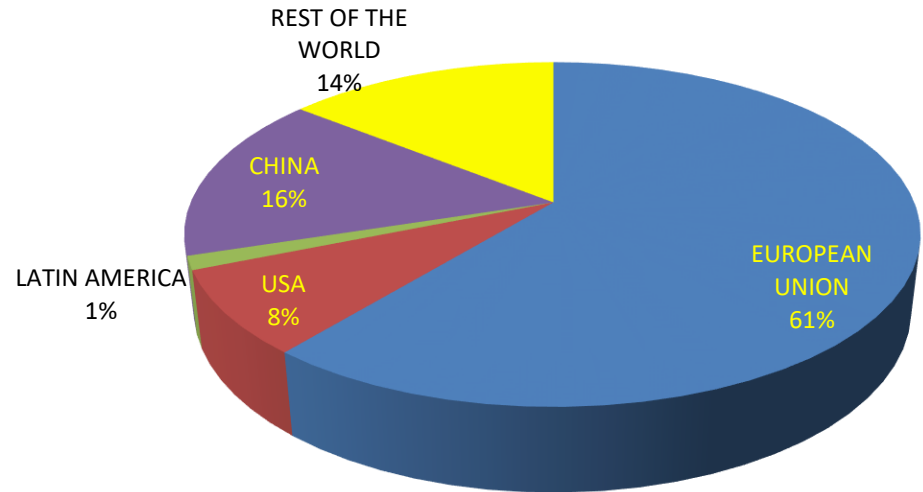
International Trade of Cultural Goods.
Geographical Distribution 2015



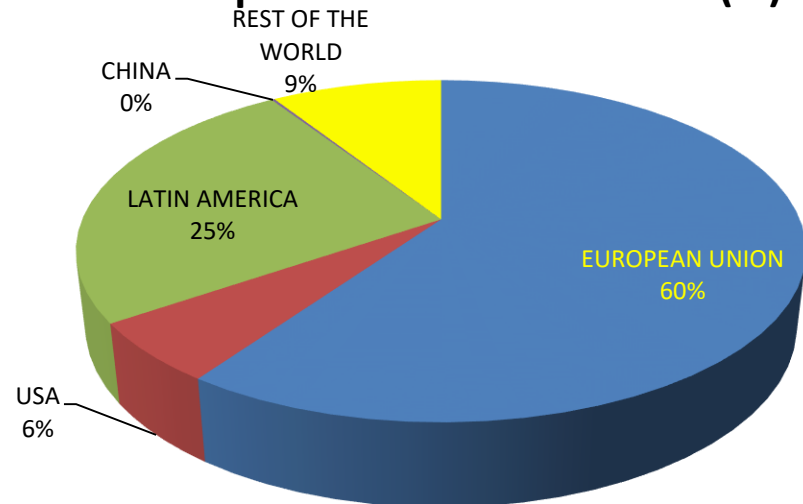
INTERNATIONAL TRADE OF CULTURAL GOODS. DESTINATIONS

- EU is the main partner of Spain
 - 61% Imports
 - 60% Exports
- China
 - 16% Imports
- Latin America
 - 25% Exports
- USA: balanced trade

**International Trade of Cultural Goods.
Imports Destinations 2015 (%)**



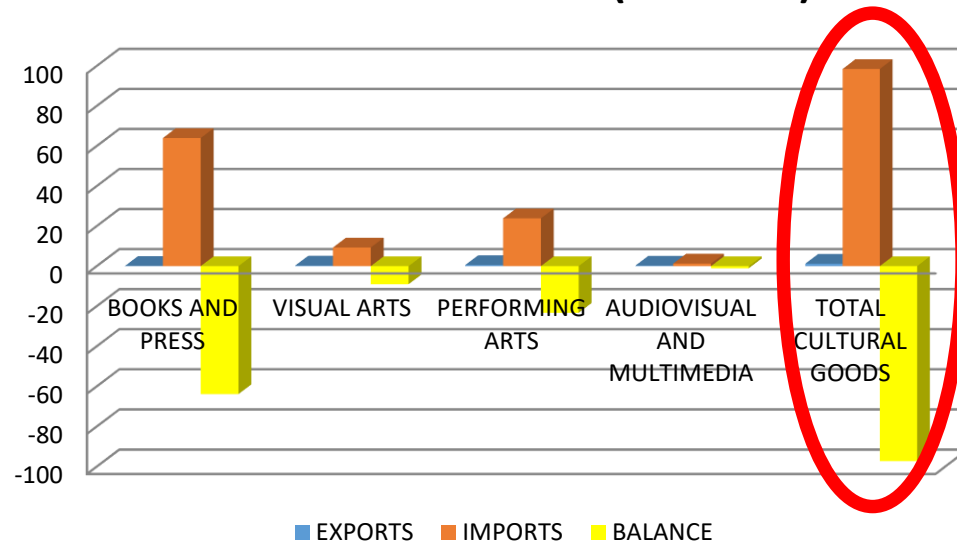
**International Trade of Cultural Goods.
Exports Destinations 2015 (%)**



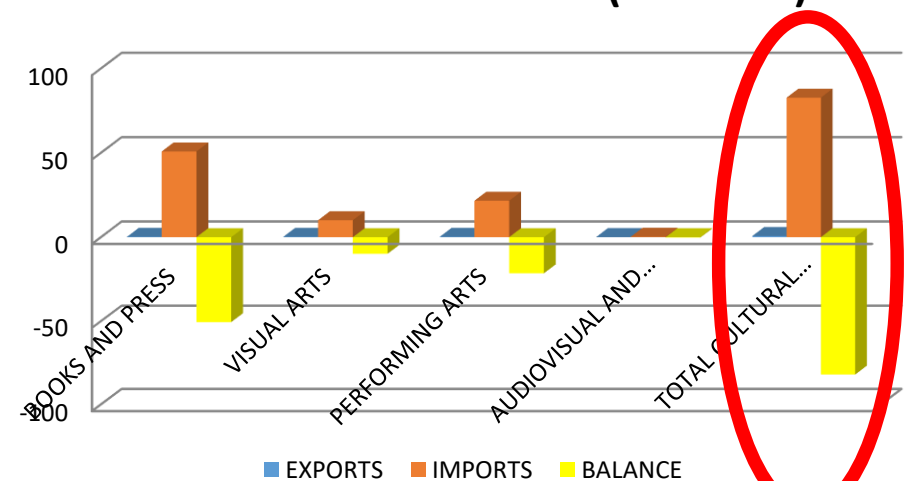
Trade of Cultural Goods Between Spain and China

- Extremely unbalanced trade
 - Spanish exports are quite low (€ 1,21 mill)
 - China is the second origin of our cultural imports (€ 98,45 mill.)
 - Unbalanced trade in all the items, except in Audiovisual
- A more or less stable situation from 2007
 - Trade deficit grows in € 15 mill
 - Export/Import Coverage Rate 2007: 0.81%
 - Export/Import Coverage Rate 2015: 1.23%

Spanish- Chinese International Trade of Cultural Goods. 2015 (million €)



Spanish- Chinese International Trade of Cultural Goods. 2007 (million €)



CONCLUSIONS

- The Spanish trade balance has improved
- Globalization has come to stay
- We need
 - Bilateral and multilateral agreements
 - A compromise between free trade and cultural diversity that implies a foreign cultural policy
 - Fair terms of trade

