

## **Creative Industries and Trade in Services**

### **Leading Countries' Role Within Global Value Chains (1995-2011)**

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**Abstract** The Cultural and Creative Industries (CCI) have gained visibility in a context of transformations within global economy that have been labeled as post-Fordism, symbolic economy or information economy. There is evidence of the reduction of transformation industries' participation in the total income and employment in benefit of services, a process generally called deindustrialization. In this context, the CCI, intensive in intellectual capital and symbolic value, are seen as an alternative to industry to promote development by organizations such as UNESCO, since they generate income, well-paid jobs and high added-value exports. The aim of this paper is to evaluate this proposition in three steps: (i) assessing CCI's role in production in general; (ii) evaluate the trade and value-aggregation dimension of this role, with special attention to services and Global Value Chains (GVC); and (iii) identify leading countries on the services value chains. For the first two objectives, a literature review is made. For the third, an exploratory analysis of data from OECD Input-Output Tables and OECD-WTO Trade in Value Added (TiVA) databases is done for service sectors related to the creative industries: computer and related activities (C72), research and development (C73), legal, architectural, advertising, and business services (C74), for the period 1995-2011.

**Keywords** Cultural and Creative Industries · Trade in Services · Global Value Chains · Trade in Value Added

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## 1 Introduction

Creative industries, which are generally portrayed as encompassing the Cultural industries, are presented as an alternative to development, been advocated by multilateral organizations such as UNCTAD and UNESCO as potential generators of employment, income and exports (United Nations 2010; 2013). These industries are based on high-skilled, well-paid labor, with high potential for value-adding. Skilled labor is also the main input of the broader service sector. In this paper, the novelty of the Creative Industries is scrutinized with a literature on both the recent structural changes in production and the fundamental relationship between skilled labor and value. This makes the background for the central purpose of this paper, which is to assess how these features manifest in international trade in terms of value aggregation, as suggest the Global Value Chains literature, between developed and developing countries, the latter represented by the BRICS countries.

The remainder of this paper is divided in four sections. In Section 2, we assess the Creative Industries novelty using a multidisciplinary literature that concentrated on recent changes of production within national economies. In Section 3, the trade dimension of these changes in production are evaluated, which are the focus of this paper. In section 4, we use data from the OECD Databases to identify general trends among developed and developing countries that may suggest further research. Section 5 concludes this article.

## 2 Creative Industries: Emergent Sector or Symptom of Underlying Changes?

The study of Cultural and Creative Industries (CCI) is a research agenda that has importantly grown in the last twenty years. Its origin is in the evolution of the Cultural Industries studies, which has become more comprehensive in the 1980s to include other economic sectors of which activities are also depend on creativity. This inclusion occurred when different authors began to point to the existence of new patterns of capital accumulation and productive organization, which came to be called the flexible accumulation paradigm. The Creative Industries were thus an enlargement of the Cultural Industries concept to the new times and to new possibilities of accumulation (O'Connor 2010).

This inclusion has strengthened the economic rationale, since, on average, the sector included are more profitable than the traditional Cultural Industries (O'Connor 2010). There is a necessity to justify the economic rationality of the public spending on the cultural sector, that is the core of symbolic value, which enables any profit-making by the Creative Industries. From the 1980s, the fiscal austerity policies applied by Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom pressed for less public spending, as investments on the cultural sector were perceived as a luxury. That motivated the first economic studies focused on the multiplier effect of the cultural spending (O'Connor 2010; Myerscough 1988). Local government agencies in the UK that diverged from the Thatcher government and that were eager

to promote the Cultural Industries have taken the lead of the widening of the concept to include the Creative Industries, including non-cultural sectors also based on the intellectual and symbolic value of its products. For the purpose of economic justification of social expenditures, there is a particular interest on studies that gather data to analyze these sectors' importance within the national economies.

The concept of Creative Industries has some controversies, since there is no consensus about the criteria to define which activities may be counted as creative. Some studies delimit the Cultural and Creative Industries based on the creative content of the goods and services produced by a specific industry. This is the criteria applied by Unctad and Unesco (United Nations 2010; 2013), that have started publishing reports about the CCI in 2008, and by the Department of Culture, Media and Sports (DCMS) of the British Government until 2013, when they have changed their methodology. Any criterion has its deficiencies, since they tend to a subjective decision about which sectors to include. Nonetheless, the DCMS approach is very refined, as they have always acknowledged creativity as an asset embedded on the production of a plurality of sectors, even traditional ones. In other words, they see the creative economy more as a process of transformation of production patterns of the whole economy than the emergence of a limited group of cutting-edge sectors. But not until recently, in 2014, the DCMS has applied a methodology that measures the intensity of creative occupations inside a sector to select it as part of the CCI (Spilsbury and Godward 2013).

The Creative Industries have appeared as an useful concept to policy design, in particular to the DCMS. For policy's practical needs, this is an interesting definition, as it brings together sectors with common interests, strengthening their power to influence for more public funding. On the other hand, this same governmental agency has always acknowledged that the Creative Industries are a symptom of broader and deeper changes on the more general patterns of accumulation and production, as they account the creative workers "embedded" in traditional sectors in their mappings. But what are these changes in the production patterns that shed light to the emergence of the creative sector?

The interpretations trying to address this issue have appeared mostly to explain the crisis of the 1970s. The so-called post-war Golden Era of economic growth in the developed countries, identified with the Fordist patterns of production, gave signs of an ending in the 1970s. In this decade, there has been an overall reduction of economic growth and employment with higher inflation, opening the debate about structural changes in the capitalist economy. Amin (1994) generically called the new cycle that was starting as post-Fordism, a denomination that avoids adherence to a specific interpretation of the emergent order. If there was a certain consensus around the characteristics of the Fordist production, centered on mass industry and consumption, there is an open debate about the emergent mode of accumulation. The best that can be said is that it is a transition period, in which uncertainty prevails (Amin 1994; Harvey 1989). Diverse researches focused on "different levels of

analysis, from production and industrial organization to the macroeconomy, culture and politics” (Amin 1994: 5).

According to Fernand Braudel (1983), the adaptation capacity and flexibility are precisely the central characteristics of capitalism, giving unity to its history from Thirteenth Century Italy to the present, and not the particular forms that it assumed. It is not surprising, then, that some of the Post-Fordist interpretations give emphasis to flexibility. This is the case of the Theory of Régulation, a body of literature that appeared by the late 1970s in France, interested on explaining the Fordist crisis in this country based on long-run interpretations of the capitalist economy. To do so, “the theory of régulation combines Marxian intuitions and Kaleckian macroeconomics with institutional and historicist studies, mobilizing most of the tools of modern economic analysis (Boyer 2008).” This school of thought defends that the crisis of the 1970s marked the dismal of a regime of accumulation, that meaning the coherent pattern of resources allocation that allowed the reproduction of the system (Harvey 1989). The descendent Keynesian-Fordist regime, or intensive accumulation regime as some prefer to call, has based its dynamism on large-scale mass production with low-skilled labor (Amin 1994; Boyer 2008). From the 1973’s recession, however, the virtuous cycle based on productivity gains that allowed an improvement in workers’ standard of living ceased, giving rise to a transition period, in which the difficulties that the public and private sectors faced can be summed up in their rigidity (Harvey 1989).

The transformation towards a new sustainable accumulation regime depended on turning certain relations more flexible, not only in commitments by the State that are continuously subject to demands by the private sector, as labor regulation, fiscal responsibility and social spending, as well as in production techniques that were restrictive to innovation and product differentiation. Harvey (1989) called the emerging accumulation regime, by forcing a relaxation of the Fordist regime, flexible accumulation regime. Combined with the changes in manufacturing, it was at this time that those sectors later identified as creative industries became relevant.

The changes towards a more flexible regime were many. Mass production standardization of products was replaced by a wide variety of product types, what encouraged a reduction in the goods’ lifespan. This required a move from the relatively stable Fordist aesthetic towards continued change, with rapid trends alteration and a postmodernist aesthetic focused on difference and ephemerality (Harvey 1989). “Economies of scope have beaten out economies of scale” (Harvey 1989: 155), with small batch production of a variety of goods increasingly proving to be more profitable than mass production. This new standard allowed to reduce risks and take advantage of highly specialized niche markets in a context of lower economic growth (Harvey 1989). “(...) [The] flexible system production [gave] emphasis upon problem solving, rapid and often highly specialized responses, and adaptability of skills to special purposes” (Harvey 1989: 155), requiring technical and organizational changes in production. Increased outsourcing encouraged the creation of small businesses with a certain resurgence of craft activities, as well as

consulting and high qualification activities. This intense technological, organizational and commercial innovation, along with an increase in outsourcing, gave impetus to increasing employment in the service sector, mainly in industrial, financial, education and health services (Harvey 1989).

As for the labor market, most of the Post-Fordist approaches agree that Fordism was based on unskilled labor, as opposed to the emergence of high-skilled labor (Amin 1994). Other interpretations highlighted the role of information and symbolic value in the production of goods in the new era (O'Connor 2010), which reinforces the role of the creative occupation value addition (Sternberg 1993). There was also a considerable increase in self-employed professionals, of which upper stratum includes consultants, designers, craftsmen and specialists (Harvey 1989). In other words, professionals in creative occupations. In addition, "Control over information flow and over the vehicles for propagation of popular taste and culture have likewise become vital weapons in competitive struggle (Harvey 1989)." Corporate spending on advertising and other media increased significantly, both for image of the companies and their products promotion. These movements have the power to strengthen the role of highly skilled workers, who are increasingly disputed on the market.

This product differentiation process, in which the once standardized goods become of great variety, bring them closer to the symbolic goods as described by Bourdieu (2007), which have their own economy. According to him, the symbolic goods, that one can also consider the goods and services from the Cultural and Creative Industries, have a symbolic and market value that are independent, since they are valued in different markets. While the market value is given by the market, the symbolic value is given by the system of instances of conservation and consecration, a kind of symbolic market that legitimizes what is part of high culture, defining what deserves and what does not deserve to be transmitted and acquired (Bourdieu 2007). The operation of this system constrains the artist to differentiate his or her works for it to prosper, which meets the romantic ideal of the superiority of the artistic over the manufacturing good since the former is unique, not reproducible, a fruit of the creative genius of the artist and therefore not reducible to its market value (Bourdieu 2007). Although there is a relevant debate on the economic value of cultural goods (Klamer 1996), it's one that is not in the interest of this paper to contribute to. The point to be extracted from Bourdieu (2007) for this article is that, in the establishment of flexible accumulation regime as a solution to the crisis of Fordism, manufacturing goods have become increasingly coated with a symbolic value and its adjacent superiority and exceptionality narrative, although often remain being produced at scale by large corporations. Two major consequences follow from this: a boost to further product differentiation in a circular causality, and dependence on the symbolic value for profit-making on the part of firms.

Symbolic goods reproduction depends on institutions to ensure the education of both producers and consumers of these goods. A good example of consumer education is the above-cited expenditure of companies with media.

On the other hand, the training of professionals capable of being producers of symbolic goods depends on the education system (Bourdieu 2007). This particular reminds that the emergence of symbolic value as a means of achieving competitiveness after the crisis of the 1970s would not be possible if there were no specialized professionals trained by the educational system of the years preceding.

The awareness of the business community about the importance of intangible assets can be seen by the new concepts created for this public. In the late 1990s, some scholar started considering knowledge and information one of the main factors of competitiveness of enterprises, leading to the creation of the idea of intellectual capital as a businesses' wealth (Stewart 1997; Petty and Guthrie 2000), and even the development of methodologies for its quantification (Guthrie, Ricceri and Dumay 2012). Other concepts in the interest of firms' management disseminated, as knowledge management and intangible assets (Dalkir 2005).

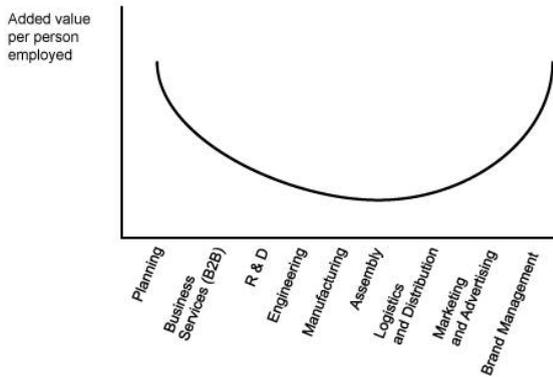
Differently of the low-skilled labor on which Fordism depended, only high-skilled labor is capable of symbolic and knowledge-intensive value creation. This intensification of human genius as opposed to the human strength in value-adding was more generally studied by the economic literature as the vital and complex role played by services (Low 2013). This has effects on both the national economies and on trade, that will be analyzed in the following section.

### **3 Value-Adding and Trade**

Other economic approaches reinforce the arguments above-mentioned. The centrality of highly skilled labor is also demonstrated by the so-called industry value curve, or smile curve, as represented in Figure 1. Proposed by Taiwanese executive Stan Shih, it shows his view that "Assembly means you are making money from manual labor. In components and marketing, you add value with your brains." (quoted in Bartlett and Ghoshal 2000: 136). The idea is that the more profitable the activity, the greater the capabilities needed for a positive insertion in the global markets, and so more based on high-skilled labor they are. The biggest challenge to firms in developing countries is to move up in the value curve, that is to say acquire ability to compete in the most profitable activities (Bartlett and Ghoshal 2000).

Whatever the exact nature of the current changes discussed in the previous section, the centrality seems to be in those sectors with higher added value activities. Since the classical economic theorists there is a concern on understanding the appropriation of productivity gains in economic activities. So there is a certain consensus in the social sciences that the relative distribution of wealth along a production chain reveals the hierarchy between the agents that are part of this chain (Gereffi, Korzeniewicz and Korzeniewicz 1994).

In the 1990s, the relative decrease of employment in the industrial activities was perceived as a threat to the advanced economies. This process, called deindustrialization, does not necessarily have the pessimistic connotation that



**Fig. 1** Smile Curve

the term suggests. In line with the interpretation of the smile curve, according to Rowthorn and Ramaswamy (1997), deindustrialization can be a demonstration of satisfactory economic development, since it was in developed countries that industrial employment fell sharply from the 1970s, a process that had already begun in the United States in the previous decade. This decrease was offset by a relative increase in the share of jobs in the service sector, a process of which the United States was in the vanguard. Historically, this pattern is similar to what happened to employment in agriculture during industrialization. These changes in the labor market follow a major difficulty of the service sector in achieving productivity gains in the levels achieved by industry, requiring a larger expenditure on the former (Rowthorn and Ramaswamy 1997). This logic suggests the existence of an inverse smile curve as seen in Figure 2, that expresses the productivity gains of an additional monetary unit invested in the different.

The trade dimension of these phenomena is better explained by a literature that accounts on the value additioning, as is the Global Value Chains (GVC) research agenda. GVC scholars encourage analysis based on added value as opposed to traditional trade statistics, which do not show a true picture of who is earning the gains from trade. If traditional trade theories emphasize the comparative advantages in setting trade standards, GVC seeks to understand the economic actors, usually large firms, as potential development promoters (Bair 2009). This agenda also shares Rowthorn and Ramaswamy (1997) skepticism about taking deindustrialization, a priori, as a negative process, as depending on how it happens, it can constitute an opportunity for greater gains in international trade (Lee 2010).

The contemporary study of GVC has its origin in the 1980s with the studies of World-System Theory, or neo-Marxist Theories of International Relations, which introduced the concept of Global Commodity Chains (GCC). Following a Braudelian sociological tradition, the GCC researchers argued for the antiquity of the integration of international trade at a time when many au-

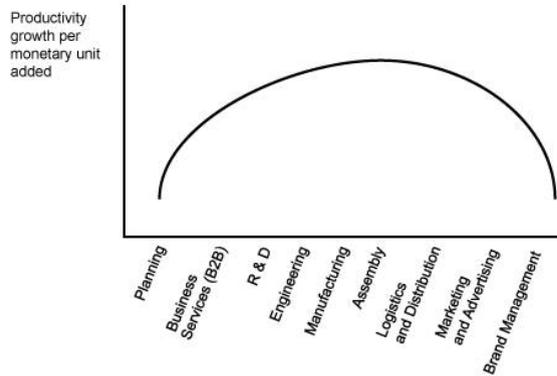


Fig. 2 Inverted Smile Curve

thors argued that globalization was a new process, showing that some actors positioned themselves more advantageously in the value chains (Hopkins and Wallerstein 1986). In the 1990s, researchers in economic geography and development were interested in the methodology to assess if deindustrialization was indeed a negative process, as it occurred in the central countries without taking their dominant position in global market (Lee 2010). To be developed, in the view of this school, means mastering the most profitable node in the value chains (Gereffi, Korzeniewicz and Korzeniewicz 1994).

The description of global production as a chain was motivated by the fragmentation and integration of world production. The value chain concept was first developed by Michael Porter (1990) in his studies on competitiveness in the 1980s, referring to the companies' internal processes and its optimization, which was later generalized to inter-firm relationships by GCC (Gereffi, Korzeniewicz and Korzeniewicz, 1994; Bair 2009). The construct systematized by Gereffi (1994; 1995) establishes four dimensions to the GCCs: 1) input-output structure; 2) territoriality; 3) governance structure; and 4) institutional context.

In the 2000s, Gereffi and others (2001) proposed the unification of the agenda around the term Global Value Chain (GVC), in order to include a larger number of researches, and to avoid ambiguity with the word commodity and its current meaning as primary products (Bair 2009). This move incorporated some mainstream research in economics, such as transaction costs studies, which to give importance to research in terms of value-added (Lee 2010). Some authors still argue that there are analytical differences between the terms. For instance, according to Bair (2009), the GVC name is more appropriate to studies on particular economic sectors, as is this paper.

The GVC studies focus on typical questions of political economy with a focus on global production. For Talbot (2009: 103), "One of the most important questions in commodity chain analysis is, Who benefits?" What are the actors (firms and countries) that have power in international economic rela-

tions? The issue of governance, of who have decision-making power in value chains, is also central, about which most of the theoretical and empirical research has been made (Bair 2009). The distribution of gains in a given chain, as in the smile curve, is also object of attention by the GVC. As Mahutga and Smith (2009: 70) synthesise, "The key issue that this approach addresses is, how and where does surplus or profit accrue at the various points where these commodity chains touch down?"

Low (2013) understands that services fulfill a vital and complex role within global value chains only recently recognized. Recent data has shown that the superiority of value-adding by services if compared to traditional trade data. This makes services key to competitiveness and productivity, what is pointed out by the pervasiveness of production services, impacting in almost every contemporary economic activity. The increasing fragmentation of the production in tasks and usage of services in manufacturing has led to the notion of servicification, opening new opportunities for upgrading in the value chains (Low 2013). With evidence in advanced countries as Sweden (Kommerskollegium 2013), there's room for examining the assumption of the Cultural and Creative Industries role in development by dedicating some attention to the services global value chain.

Researchers interested in the GVC come from studies on the development (Smith and Mahutga 2009), since one of GVCs' goals is to point directions for a better national insertion in global chains, suggesting ways for development strategies of the peripheral countries (Bair 2009). The state action is very influential in the changes that occur in the GVC (Wallerstein 2009), suggesting these studies could also influence policy. Similarly to the smile curve, the development process is seen as an upgrade "to nodes in these chains that might increase the value-added and profits associated with local activities" (Smith and Mahutga 2009: 70). How does this upgrade happen? To answer this central question, much of the academic production of this agenda focused on the analytical level of the firm, conducting rich case studies on industry-specific chains (Lee 2010; Bair 2009).

Considering the interest of studying the services global value chain, what specific chains must be studied? And in which countries? If the traditional trade data are misleading, it would be contradictory to use them to choose which countries or chains to analyze. In the next section, an exploratory empirical analysis on data based on value-added is done, aiming to identify interesting cases for further research, as well as to evaluate the evolution of the roles of developed and developing countries in selected services industries that one could also label as Creative.

#### **4 Empirical analysis of added-value data**

According to Sturgeon (2015), there are few databases that provide consistent data on international trade. Data on added value, which could answer research questions of the GVCs and demonstrate the level of integration of global production, are even scarcer. For this purpose it is necessary to establish a global

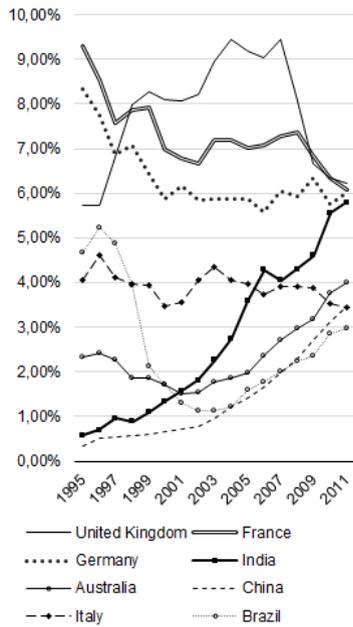
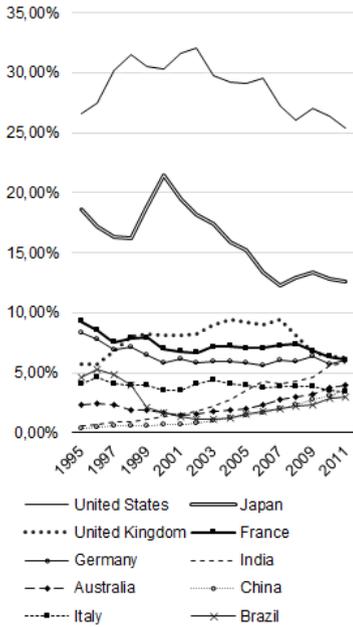
input-output matrix, which has only recently been possible through statistical estimations based on national accounts data. One such effort, led by the Organization for Economic Cooperation and Development (OECD), resulted in the OECD's Input-Output Tables (IOT), which made possible the creation of the OECD-WTO Trade in Value-Added Indicators (TiVA) database. Both data sets contain entries for 61 countries and 34 economic sectors in its latest version. Sturgeon (2015) cautions that, being estimates and have high level of aggregation, these data should be viewed with skepticism, especially for services, where there is more pronounced inconsistencies in the data. Thus, they must be used more to indicate paths for further research than to obtain findings.

Among these 34 economic sectors, those that most closely match as services of the creative industries were selected. They are: Computer and related activities (C72), Research and development (R&D) (C73) Other business services, which include legal and accounting activities, market research, business consultancy, architectural, engineering, advertising and business services (C74). The data for these two last categories are aggregated as C73T74 (OECDa 2015; OECDb 2015). The OECD Input-Output tables have yearly data from 1995 to 2011, while TiVA have less entries. The analysis concentrates on the ten best-placed countries in each variable, intending to understand general patterns among the leading countries.

The first variable concerns the national share of the world's total value-added for each sector, as an approximate to a market-share of value aggregation. The data for value-added (VALU) was extracted from the OECD-IOT and the entries for each country were compared to the total in percentage (OECDa 2015). This variable highlights the evolution of big countries, since data is not weighted against population.

As seen in Figure 3, for Computer and related activities (C72) there's a striking leadership of the United States, with 25.39%, followed by Japan (12.64%), Great Britain (6.24%), France (6.08%) and Germany (6.03%). However, U.S. and Japan peaked their participation in the early 2000s and have declined since. If American leadership is certain, it cannot be said that it has no challengers, since the sum of the of the four following countries is enough to eclipse its participation.

The analysis of the emerging countries is facilitated by removing the U.S. and Japan, as shown in Figure 4. All countries tend to chart the center, denoting developed countries are moving down while the developing countries are moving up. They can be divided in two groups. The first one around 6%, comprising developed countries in a decline or stabilization path - Britain, France and Germany - and India, that is the most striking case among the BRICS countries, showing a major breakthrough in the 17 years of available data. The second group is between 3% and 4%, with China, which also shows an upward trend, but much more modest in its growth rates if compared to its southern Asian neighbour, mainly up to 2006, representing the BRICS along with Brazil, which has the biggest drop among all, going from 5.22% in 1996 to 1.13% in 2002, although it has made a significant recovery since then, re-



**Fig. 3** Top 10 countries on market-share of value-added (VALU), Computer and related activities (C72) sector. Source: own calculations with data from OECDa (2015)

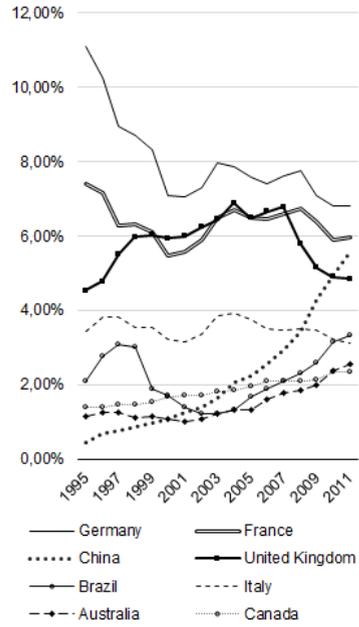
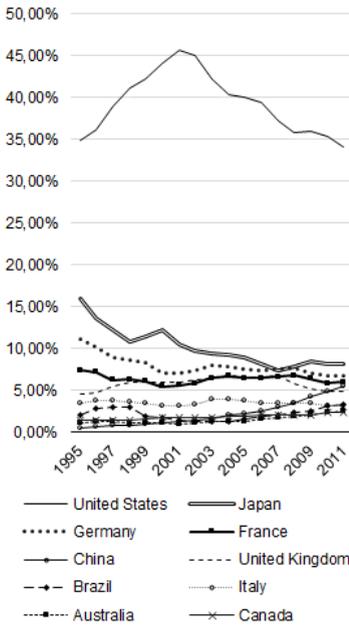
**Fig. 4** Same as Fig.3, without U.S. and Japan

turning to 2.98% in 2011. Representing the developed countries, Italy follows the pattern of smooth decline, while Australia stands out as an exception among high-income countries, showing an upward trend since 2001.

In R&D and Other business activities (C73T74), the U.S. leadership is even stronger, with 34.14%, although in clear downward trend since the peak in 2001, as indicated in Figure 5. To surpass the front runner it is necessary to combine the following six competitors: Japan (8.17%), Germany (6.81%), France (5.98%), China (5.58%), Great Britain (4,84%) and Brazil (3.32%).

Removing the U.S. and Japan from the chart, Figure 6 demonstrate trends similar to those already mentioned. Advanced countries - Japan, Germany, France, Britain and Italy - show a declining or stabilizing trend, with the exception of Australia, with a less significant performance, and Canada, that appears in tenth. China is the most significant representative of the BRICS, with high-growth rates. Brazil repeats its trend, with a sharp decline between 1997 and 2003 followed by a recovery, but here with a smaller difference between the peak and the valley. India does not appear among the top ten.

The second variable is productivity as value added per person employed (VALU\_EMPN), also from OECD-IOT. Figures 7 and 8 show the evolution of productivity on the selected sectors for the twelve most prominent countries, in order to include all of the countries that already appeared in the first



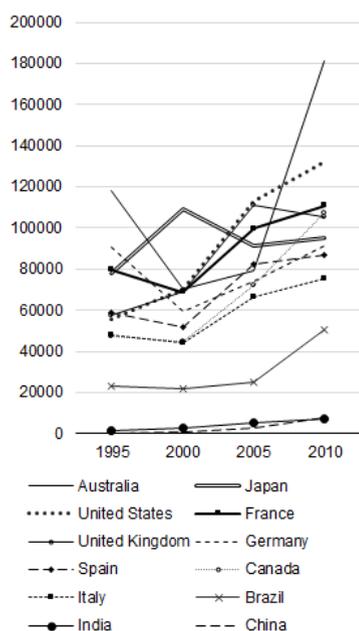
**Fig. 5** Top 10 countries on market-share of value-added (VALU), R&D and Business services (C73T74) sector. Source: own calculations with data from OECDa (2015)

**Fig. 6** Same as Fig.5, without U.S. and Japan

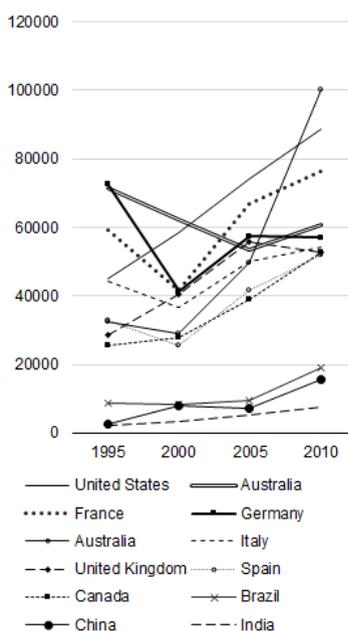
variable, for the years 1995, 2000, 2005 and 2010. There is a clear general superiority of the developed countries in terms of productivity. Although Brazil, China and India showed progress in the period, the top of the charts are dominated by developed countries. The most notable improvement is Australia's, that leads in 2010 in both sectors. Spain appears with a noticeable productivity, even if didn't appear before, probably because of the size of its economy as compared to others. Brazil has the most interesting advance among the Brics countries, specially between 2005 and 2010.

The third variable consider the international insertion of the countries in these sectors by their capacity to aggregate value nationally. The OECD-TiVA variable for Domestic value added content of gross exports (EXGR\_DVA) was used. Here, the value aggregation is balanced against the competitiveness of the products in the international markets. Table 1 shows the top ten countries for the two selected sectors in the last year of released data, 2011, a well as the position of the above-cited countries.

In Computer and related activities (C72), the developed countries are well represented, now with the appearance of Ireland, Israel and Sweden, which may have competitive exports even if their national markets are not big enough for them to appear in the previous analysis. Italy, Japan, France and Australia don't perform well, what can suggest either a problem with compet-



**Fig. 7** Top countries on productivity based on value-added (VALUE\_EMPN), R&D and Business services (C73T74) sector. Source: own calculations with data from OECDb (2015)



**Fig. 8** Top countries on productivity based on value-added (VALUE\_EMPN), R&D and Business services (C73T74) sector. Source: own calculations with data from OECDb (2015)

Computer and related activities (C72)	R&D and Business services (C73T74)
1 India	1 United States
2 Germany	2 United Kingdom
3 Ireland	3 Germany
4 United States	4 China
5 United Kingdom	5 India
6 Israel	6 Spain
7 Spain	7 Netherlands
8 China	8 France
9 Sweden	9 Belgium
10 10 R. of Korea	10 Canada
11 Canada	11 Italy
13 Italy	12 Brazil
17 Japan	16 Japan
20 France	20 Australia
30 Australia	
40 Brazil	

**Table 1** Ranking of countries on variable EXGR\_DVA for 2011.

itiveness, or a well-established integration to global value chains, requiring further study. India is the best representative of the BRICS, on first place. China also appears, but in tenth, while Brazil is only in the 39th position.

The U.S. confirms its lead in R&D and Other business activities (C73T73), followed by developed countries, among which the Netherlands and Belgium are the new appearances. Among the BRICS, China and India are well-placed, while Brazil does better than in the other sector.

## 5 Conclusion

In this paper, literature on the long term changes in the patterns of production were used to scrutinize the rise of the Creative Industries, part of the Cultural Industries, as the emergence of high-skill labor, generally related to the services sector. The meaning of these changes were also evaluated in its trade dimension with Global Value Chains literature, that proposes a new idea of development based on upgrade in the value chains, in analogy to the interpretation of the smile curve. To assess the role of developed and developing countries in global services chains, OECD databases on value-added were used.

It is clear that the developed countries still lead in the services global value chain, although they are in a stabilizing or declining trend in some of the variables analysed. Interesting cases for further research for the Computer and related activities sector (C72) are Australia and Spain, for its productivity gains since 2000 as deviant case for rich countries, along with Ireland and Israel, for their competitiveness in exports with high national value-added. In Other business activities (C73T74), Australia and Canada may be further surveyed due to their productivity, while Netherlands and Belgium are interesting for being small-markets well-placed in trade.

Among the BRICS, China and India are the most prominent countries, in both sectors. India made a noteworthy appearance in Computer and related activities (C72), what requires additional inquiry. Brazil is an interesting case about due to its downfall in value-aggregation during the 1990, even if it recuperated from 2002 onwards. Russia and South Africa don't appear in any of the variables selecting, suggesting these countries don't have a strong, internationalized services sector.

These estimations based on the OECD data are not conclusive, requiring detailed sector-specific case studies for clarification, but they shine a path to the cases that may be selected. Further research may also clarify if the lower productivity in developing countries. It is not clear if it means that they may face difficulties to continue advancing in their share of value-adding or that it reveals a reproduction of North-South division of labor in Creative services, that is to say, that the developing countries are incorporate in the trade in services with less productive activities.

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