Thailand’s Creative Industries Contribute 10% of the Nation’s GDP but Need More Effective Support to Reach their Potential for Driving the Economy

By Paul Wedel

A new, independent economic study, entitled Economic Contributions of Thailand’s Creative Industries, shows that Thailand’s creative industries make up at least 9.5% of the Thai economy, but many of these industries suffer from weak or incomplete value chains and ineffective protection of their intellectual property rights. The full study is available for download elsewhere on this website.

Creative Industries in Thailand

The following creative industries made direct contributions in 2008 of more than Baht one trillion to the Thai economy, about 9.53% of the total GDP:

- printing and publishing,
- information technology (‘IT’),
- wooden furniture,
- pharmaceuticals,
- gems and jewelry,
- research,
- movie production,
- movie theatres, and
- the radio and TV industry.

The contributions of the jewelry (4.73% of GDP) and IT (2.65% of GDP) industries were particularly high. The creative industries also provide significant secondary economic stimulus to other industries. For example, each additional baht of expenditure in the movie theatre industry induced other industries, such as electrical equipment and transport, to create Baht 2.14 worth of additional output.

In comparison with other economies, however, the multiplier effects of and value added by Thai creative industries are lower than they should be, indicating that Thailand’s creative industries have less well-developed value chains than those of more developed economies, such as Singapore. The value added in some industries was low because companies in Thailand were producing to designs from international buyers, rather than creating their own designs and brands. It is likely that effective efforts to nurture those value chains could accelerate the development of the creative industries and further enhance the contribution of creative industries to the overall economy.

Despite the relatively low value added in some creative industries, Thailand fared well on exports of creative products. In 2008, Thailand’s export of creative goods reached nearly U.S.$13 billion, ranking 17th in the world, trailing behind only India, China, and the Organisation for Economic Co-operation and Development countries. Significantly, exports of Thai creative products have been increasing at an average of more than 5% per year. This achievement shows that creative industries in Thailand clearly have the potential to become an important growth
engine for Thai exports, particularly if the truly creative elements of those industries can be improved.

**IPR Protection Strengthens Creative Industries**

Protection of intellectual property is one of the key factors supporting the growth of creative industries. It is an area where greater efforts are needed. Direct losses from piracy in Thailand were about Baht 14 billion, with another Baht nine billion in losses from the indirect impacts on other industries.

Piracy undermines the incentive to create and invest. In the movie industry, piracy clearly reduced expectations of income and it appears to have impacted the investments made by movie production companies. Movie makers revealed that many companies have reduced their average investment in movie production to reduce their risk of loss due to piracy.

In the music industry, violations of intellectual property rights (IPR) have induced record companies to focus more on live appearances by their stars rather than on sales of tapes and discs. Thailand’s two largest music companies have seen decreases in the share of revenue from selling records, rights, and digital products. Pirated and downloaded music were the key reasons for the closure of CD Warehouse, once one of the country’s biggest music retailers.

Effective protection of IPR could theoretically generate gains in revenues of Baht 6.6 billion in the pharmaceutical industry, Baht 3.7 billion in the movie sector, Baht 1.8 billion in the IT industry and Baht 1.7 billion in the music industry. In the longer term, piracy and counterfeiting adversely affected brand value and, more importantly, discouraged investment in movies, music and pharmaceuticals by both foreign and domestic firms.

Product piracy and counterfeiting often provide income to international organized crime syndicates and, especially in the pharmaceutical industry, had direct and dangerous effects on people’s health. One test of anti-malarial drugs found that some 38% of samples in the region were fake. This is likely to have contributed to the emergence of dangerous drug-resistant forms of malaria in the Thai-Cambodian border area.

**Recommendations**

General recommendations for encouraging the development of Thailand’s creative industries include the following.

- Increase government efforts to strengthen creative value chains.
- Fix weaknesses in the IPR system, including speeding up the patent process and improving enforcement of patent and copyright rules and regulations.
- Make it easier for high-level international creative talent to live and work in Thailand.
- Accelerate implementation of advanced ICT infrastructure (e.g., WiMAX and 3G), which is especially important to the IT and entertainment industries.
• Provide entrepreneurship training to people in the creative industries. Software engineers, doctors, researchers and artists need business skills to enable them to build profitable businesses on the basis of their creativity and technical skills.
• Build public understanding that piracy of creative products is a form of theft, which is detrimental to the development of the Thai economy.
• Implement the government’s “Creative Thailand” policy in a systematic, integrated and understandable manner. Interagency cooperation, especially where regulatory powers overlap, is required.
• Develop creative industries together with knowledge-based industries, since knowledge and creativity are closely linked.

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