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TOOLS AND METHODOLOGIES FOR ASSESSING THE CREATIVE ECONOMY
FINAL REPORT

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<April 20, 2022>

This report was prepared for the ACDI/VOCA project with the support of the American people through the United States Agency for International Development (USAID).

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ASSESSMENT TOOLS AND METHODOLOGIES FOR THE CREATIVE ECONOMY

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ABBREVIATIONS

Abbreviation	Full name
GDP	Gross domestic product
Guide	Guide on Surveying the Economic Contribution of the Copyright-Based Industries, WIPO, 2015
GVA	Gross value added
ICT	Information and communications technologies
Kyrgyzpatent	State Agency of Intellectual Property and Innovation under the Ministry of the Economy and Finance of Kyrgyzstan
n.e.c.	Not elsewhere classified
SGBP	Supporting Government-Business Partnerships
SNA	System of national accounts
SUT	Supply and use tables
WIPO	World Intellectual Property Organization

FINAL REPORT

This report was prepared in accordance with the scope of responsibilities outlined in the Service Agreement of June 21, 2021, with Supporting Government-Business Partnerships (SGBP), a public organization, for the USAID Enterprise Competitiveness Project.

Agreement number: ECP-OPS-BIS-Y3-37.

Between July 15, 2021 and April 20, 2022, SGBP experts carried out the following work:

1. On July 21, 2021, SGBP experts held an online Zoom conference with international experts from Kyrgyzpatent, Dimiter Gantchev from the World Intellectual Property Organization (WIPO) and statistician Rimantas Vaicenavicius to discuss a quantitative measurement methodology for the creative economy and creative industries, and the classification of the creative industries and professions in Kyrgyzstan according to the State Nomenclature of Economic Activities.
2. On August 3, 2021, SGBP experts attended a meeting with representatives of Kyrgyzstan and experts from the USAID Enterprise Competitiveness Project to discuss the progress made in implementing the Project. Owing to the large amount of work that needed to be carried out to define the industries that form the creative economy, the parties decided to extend the Project implementation timeframe by two months. Agreement was also reached on conducting a survey of those involved in the creative economy, following the development of a methodology for identifying and measuring the creative industries and analyzing data from the national statistics system to fill existing gaps, and the transfer of the information gathered through the survey for the final report. Those participating in the meeting included: the Director of Kyrgyzpatent, Dinara Moldosheva; the Deputy Director of the innovation center StartUP KYRGYZSTAN; the founder of the consultancy firm Future Laboratory in Georgia, Irakli Kashibadze; and the founder of ololo, Daniar Amanaliev. On the basis of the outcomes of the meeting, SGBP experts updated the Project's plan of work, as well as the timeline for submitting final reports.
3. On October 1, 2021, SGBP experts took part in a meeting with representatives of the DAI project to discuss coordinating their work with groups of experts to develop a draft law on a creative industries park. The experts shared information on the implementation of projects and agreed to provide further information on project implementation.
4. On November 12, 2021, SGBP experts held an online Zoom conference with international experts from Kyrgyzpatent, Dimiter Gantchev from WIPO and statistician Rimantas Vaicenavicius to discuss comments on the interim report and the next steps in developing a quantitative measurement methodology for the creative economy and creative industries.
5. On February 4, 2022, SGBP experts held an online Zoom conference with international experts from Kyrgyzpatent, Dimiter Gantchev from WIPO and statistician Rimantas Vaicenavicius to discuss issues that had arisen while producing the WIPO statistical report on methodology.

6. On March 3, 2022, SGBP experts sent a letter of inquiry to the National Statistics Committee of Kyrgyzstan to request data on total output, intermediate consumption and gross value added for a variety of types of economic activity.
7. On March 25, 2022, a reply was received from the National Statistics Committee with data on total output, intermediate consumption and gross value added for a variety of types of economic activity.

In accordance with the agreement, SGBP attaches the following documents:

1. An analysis of the contribution of the creative economy to the national economy (socioeconomic and macro- and microeconomic indicators for the last few years, developing trends, share of gross domestic product (GDP), etc.).
2. Recommendations to harmonize the methodology with the current system of national accounts to produce accurate statistics on areas of the creative economy (State Nomenclature of Economy Activities, methodologies of the National Statistics Committee, etc.) and potential amendments to relevant legislative acts and regulations (if applicable).
3. Figures on employment in the creative economy in Kyrgyzstan.
4. Figures on gross value added in the creative economy in Kyrgyzstan.
5. Exports and imports in the creative economy in Kyrgyzstan.
6. Annex 1 – legislation and regulations in Kyrgyzstan.
7. Annex 2 – the creative industries and copyright factors in Kyrgyzstan.

INTRODUCTION

In recent years, issues relating to the development of the creative economy in Kyrgyzstan have received ever more attention from politicians and the public. As stated in the recently adopted National Development Program of Kyrgyzstan for 2026, “There is significant employment potential in the creative industries. In order to develop different creative industries, it is necessary to first create an investment and regulatory environment, and establish a special status for residents of creative parks, zones and districts and special tax measures.”¹ In addition, this Program provides for the approval of the Convention on the Development of the Creative Economy in Kyrgyzstan, 2022-2024.

There are several reasons for such interest in this area. Firstly, it relates to the international trend for services to form an increasingly large share of the global economy. In addition, according to the predictions of the United Nations Conference on Trade and Development, the next decade will be characterized by the strength of automation and robotization. As a result, most jobs will be created in sectors where intellectual work and initiatives play a greater role. One such area is the creative economy.

Secondly, Kyrgyzstan, owing to objective geographical, logistical and geopolitical factors, is not able to rely on the development of capital-intensive sectors of the economy that require significant amounts of investment or sectors with high transport costs. However, Kyrgyzstan also has competitive advantages unrivalled in Central Asia in terms of various freedoms and Internet access. As regards the structure of the Kyrgyz economy, small and medium-sized businesses and the service sector make up a significant part of the economy. These factors are favorable to the development of the creative industries, where human capital, creative freedom and self-expression play major roles.

The development of the creative economy in Kyrgyzstan will therefore make it possible, on the one hand, to overcome objective difficulties linked to its lack of access to the sea, high transport and logistical costs, and poor access to capital markets, and, on the other hand, to harness the country’s potential, in the form of its large number of entrepreneurs and a high level of political and economic freedoms in comparison to other countries in the region.

However, other factors are also essential to achieving the full development of the creative economy. First and foremost, this concerns the amount of human capital and the availability of qualified specialists free to come up with creative ideas and products. Also important are the availability of institutional means of protecting intellectual property (IP), access to consumer markets with high purchasing power where products from the creative industries are in demand, and significant investment in innovation and technology.

Key issues in the development of the creative economy are an understanding of the main players, including State bodies, the companies and employees involved in the creative sector and their economic contribution, the areas with the greatest potential and the main barriers to development. For this, it is essential to have methodologies with clear criteria to classify entities in the creative economy, keep a statistical record of them and suggest the policy measures needed to develop the creative economy.

In this study, we will describe the current situation of the creative economy in Kyrgyzstan and international approaches, propose methodologies for measuring the creative economy developed on the basis of the 2015 World Intellectual Property Organization (WIPO) Guide on Surveying the Economic Contribution of the Copyright-Based Industries, conduct pilot testing of the methodology using data from the National Statistics Committee of Kyrgyzstan and provide recommendations on the further implementation of this methodology so as to regularly monitor the creative sector in Kyrgyzstan.

¹ National Development Program of Kyrgyzstan for 2026, p. 48.

ANALYSIS OF THE CURRENT SITUATION OF THE CREATIVE ECONOMY IN KYRGYZSTAN

In Kyrgyzstan today, there is no clear definition of the concepts of the “creative economy” and “creative industry”. There is also a lack of an approved methodology for measuring the creative economy, specialized nomenclatures for entities in the creative economy, or indicators and parameters for creativity; statistics on the creative industries are not kept.

In autumn 2021, the Creative Industries Association was established in Kyrgyzstan. The Convention on the Development of the Creative Economy for 2022-2024 was developed, as well as a draft law on creative industry parks that is currently undergoing the necessary approval procedures.

According to the draft Convention on the Development of the Creative Economy, the most developed sectors in the creative industries in Kyrgyzstan are advertising (the activities of advertising agencies and media in providing advertising services) at 19.67 per cent, publishing (publishing of books, newspapers, magazines and periodicals, other publishing activities) at 16.41 per cent, the arts (artistic activity, including performing arts, support activities for fine art, activities related to other forms of art, theaters and concert halls, libraries and archives, and museums, the preservation and visitation of historical places and buildings) at 15.91 per cent, architecture at 14.91 per cent, computer games (releasing computer games) at 12.28 per cent, communications (radio, television, the activities of news outlets) at 9.39 per cent and cinema (production of motion pictures, video and television programs; scoring motion pictures, videos and television programs; distribution of motion pictures, videos and television programs) at 9.14 per cent.

The total economic contribution of the creative industries is estimated to be around 1 per cent of gross domestic product (GDP), with approximately 0.6 per cent of the total working-age population employed in the creative industries. However, the methodology used to obtain these data is not indicated in the Convention. Nonetheless, it does state that in Kyrgyzstan, specialized statistics for the creative industries are not collected, which prevents a full assessment being carried out of its contribution to economic development at both the regional level and in the country as a whole, and the absence of a system for measuring and monitoring the development of the creative industries impedes the creation of special measures for stimulating these industries. Under the Convention, the top priority should be to enable a full assessment of the creative industries within the national statistical system, which would act as a basis for formulating and implementing national policies to develop the creative industries.

The factors impeding the further development of the creative industries are: the limited capacities of enterprises; the relatively small internal market; dependence on exports; harsh financial conditions; underdeveloped creative infrastructure; few or no staff with the necessary qualifications; and poor IP protection.

At present, there are no specific State regulations governing the activities of the creative industries in Kyrgyzstan, and such activities are carried out under the general legislative framework regulating the activities of business entities, including small businesses. The exception is special economic regimes for entities in high-tech parks and free economic zones, as well as tax incentives for innovative activity provided for under tax legislation.

The main State body responsible for developing and implementing policies relating to copyright and IP is the State Agency of Intellectual Property and Innovation under the Cabinet of Ministers of Kyrgyzstan (Kyrgyzpatent).

At present, the following trends have been observed in the field of IP:

- a low income level among the population, which facilitates the widespread distribution of counterfeit goods, including ones harmful to human life and health. This trend also has an impact on the image of Kyrgyzstan as a rule-of-law State;
- violations of the rights of authors and inventors that affect their well-being, which in turn reduces their creative activity;

- a loss of prestige of jobs in inventive and creative fields, leading to a loss of interest in these professions among young people;
- copyright infringement, leading to a lack of incentive for investors to invest in the creative industries, including start-ups, which are considered high-risk investments as it is.

The issues coming to the fore are therefore those related to the observance of the rights of creators and inventors, creating an environment free from counterfeit products and increasing the status of creative professions.

There is an absence of collective management organizations for copyright, which are aimed at protecting creators' rights and thereby establishing effective access to works and the opportunity to use them legally. In accordance with the Kyrgyz Act on copyright and related rights, until collective management organizations for property rights are created, Kyrgyzpatent shall take on the role and responsibilities of such organizations. The power of Kyrgyz creators to manage their property rights is transferred to Kyrgyzpatent by the rights holders directly and voluntarily on the basis of written agreements. At present, there are more than 2,500 creators, of whom 655 have transferred the authority to manage their property rights to Kyrgyzpatent. The city of Bishkek accounts for 80 per cent of creators' royalties, indicating the low level of activity of the creative industries at the regional level.²

INTERNATIONAL EXPERIENCE

At the international level, in practice, there is also a lack of a single definition of the creative economy, a nomenclature or a methodology for measuring its activity. From studies of international experience in classification of the creative economy, the following common features have been identified:

- predominance of creativity in the creation of products and services;
- innovative nature of results of work stands out;
- dominance of intellectual (intangible), rather than material, economic production;
- intellectual and creative resources as the main asset for enterprises under all forms of ownership;
- profit generation ensured by the use value (usefulness) of economic products whose main value lies in their intellectual, rather than material, components;
- the free, effective and purposeful exchange of creative energy among all market participants is guaranteed during the production of any economic products.

We should also note that the creative industries are aimed at achieving the profitability of creative activity, in contrast to the artistic (cultural) industries, which do not necessarily pursue a profit-based objective.

Most credible is the definition of the creative economy and creative industries used by the Department for Culture, Media and Sport in the United Kingdom. This Department was established in 1998 and provides an official definition of the creative industries as "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property".³

The main criterion that distinguishes the creative industries from other related sectors and activities is therefore the creation of IP that can lead to subsequent economic benefit. Without this, even activity

² National Intellectual Property Development Program of Kyrgyzstan for 2017-2021

³ Department for Culture, Media and Sport. Creative Industries Programme. Creative Industries Mapping Document. London, 2001

that fulfils the other criteria for the creative industries cannot provide participants with property rights for the resulting product or service and, accordingly, cannot bring measurable added value or material benefit.

The existence of IP implies that its creators or owners receive copyright, which consequently guarantees receipt of profit by the rights holders. Accordingly, in this case, the creative industries can be considered form of activity in which, at any stage, copyright arises and is subsequently used. The most comprehensive and detailed methodology on classifying and evaluating copyright sectors was developed and proposed in a 2015 WIPO Guide on Surveying the Economic Contribution of the Copyright-Based Industries. This Guide has been in use since 2003 and more than 40 different countries have already used it to measure the economic contribution of the copyright and creative industries sector. A decision was then taken to use this approach to develop a domestic methodology that would also allow for future comparisons between the results of Kyrgyzstan and those of other countries.

The main approach used in the WIPO methodology is that for a more comprehensive assessment of the creative economy alongside the actual activities that create IP, such as film production, it is essential to also consider related forms of activity, without which it is impossible to further distribute goods and services to the end user, such as the manufacture and sale of televisions, recordings and film stock, among other things. The production of IP thereby creates a multiplier effect and makes possible a more complete assessment of the real contribution of the creative industries to the national economy.

ANALYSIS OF THE LEGAL FRAMEWORK OF THE CREATIVE ECONOMY AND COPYRIGHT IN KYRGYZSTAN

Regulatory framework

The primary resource on the creative economy and support for the creative industries in Kyrgyzstan is the Constitution, which states the following:

- everyone shall be guaranteed freedom of scientific, technical, artistic and other forms of creativity, learning and teaching for the purpose of the self-realization and personal development. Everyone shall have the right to carry out creative activity in accordance with their interests and abilities. Everyone shall have the right to participate in cultural life and have access to cultural property. Intellectual property shall be protected by law;
- the State shall promote the development of science, scientific and artistic development, scientific and technological achievements, discoveries, innovations and inventions.

In Kyrgyzstan, the primary source defining the regulatory framework for copyright objects and the associated creative industries, as well as the civil liability for violating it, is the Civil Code of Kyrgyzstan (part 2, chapter 54) and the Kyrgyz Act on copyright and related rights.

The Act on copyright and related rights is a specific law on copyright protection and it regulates relationships arising in connection to the creation and use of works of science, literature and art (copyright), phonograms, performances, productions and programs from broadcasting or cable television organizations (related rights).

Under article 7 of the Act on copyright and related rights, copyright objects include:

- literary works (fiction, scientific, academic, journalistic, etc.);
- dramatic and scripted works;
- musical works with and without lyrics;
- musical dramatic works;
- choreographic works and pantomimes;

- audiovisual works (motion pictures, television programs and video, slide shows and other forms of cinematic, televisual and video productions);
- paintings, sculptures, graphics, designs and other works of visual art;
- decorative and applied arts and set design;
- architecture, urban planning and garden design;
- photographic works and works created using methods similar to photography;
- geographical, geological and other maps, plans, drawings and works relating to geography, topography and other sciences;
- computer programs of all kinds, including applications and operating systems;
- other works meeting the criteria established in article 6 of the present Act.

In addition to this legislation, there are more than 15 laws and regulations in this area at different levels, including:

- criminal law;
- laws on the ratification of international agreements;
- government regulations on legal protection, registration fees for copyright objects, royalty rates, customs procedures for copyrighted goods, requirements for collective management organizations, rules for reviewing and registering copyright agreements, on State registries of IP objects, on defining the competent authorities in the field of IP, standards for evaluating intangible assets and IP objects, and so on.

In addition, legislation on culture is one of the instruments common to practically all areas of the creative industries. The Kyrgyz Act on culture defines the legal, economic, social and organizational bases for the development of activity in the field of culture, and regulates the social relationships in the creation, dissemination, protection and use of cultural properties for the purpose of ensuring creative freedom, and developing and supporting professional and amateur activity in the field of culture.

This Act regulates cultural activity in the following areas:

- the historical and cultural heritage of the people of Kyrgyzstan;
- fiction writing; cinema; visual, stage, musical and circus arts; architecture and design; photography; other types and genres of art;
- amateur artistic creativity;
- museum-related activities and collecting;
- library-related and archival activities;
- television, radio and other audiovisual media partly relating to the creation and dissemination of cultural properties;
- other activities not prohibited under the legislation of Kyrgyzstan that are aimed at creating, protecting, disseminating and using cultural properties.

The general provisions of civil legislation, labor legislation and other provisions of Kyrgyz legislation are disseminated for the benefit of many sectors in the process of carrying out their activities. These include, but are not limited to, legislation on:

- reporting and official statistics;
- licensing;
- land use and rules on land development, real estate, compliance with fire safety and other regulations;
- entrepreneurial activity;
- culture, historical and cultural heritage;
- support of Kyrgyz nationals abroad;

- the import and export of cultural properties;
- innovative activity;
- the sciences and the government science and technology policy framework;
- trade secrets;
- competition;
- archival activity;
- mandatory copies of documents;
- export control;
- protection of consumer rights;
- waste from production and consumption;
- advertising;
- administrative procedures;
- judicial practice in applying the law.

Criminal law is one of the essential measures in ensuring protection against violations of copyright, related rights and the rights of patent holders. In addition, for actors in some areas of the creative industries, a number of restrictions are established in criminal procedural law, such as for representatives of the media and motion picture, photo and video production.

Almost all objects of the creative industries mentioned in the WIPO Guide are included in the State Nomenclature of Kyrgyzstan, entitled “Types of economic activity”, approved by Government Decision No. 9 of January 11, 2011.

Overall, the review conducted of the legislation illustrated the insufficient government development, attention and support for the areas and professions in the creative economy, with the aim of establishing priorities, an enabling environment and practical mechanisms to develop different sectors of the creative industries. A greater number of normative legal acts establish only restrictions, requirements and responsibilities in relation to individual actors in the creative industries, and for some subgroups of the main creative industry groups studied there are is no basic legal framework directly regulating their activities at all.

National strategic documents and policies

The National Intellectual Property Development Program of Kyrgyzstan for 2017-2021 was approved by Government Decision No. 424 of July 6, 2017.

Under this National Program, efficient and effective mechanisms have been established to further develop and increase protection for IP objects. Strengthening IP protection measures, in particular, plays a key role in developing the creative economy and creative industries owing to the importance of commercializing and monetizing IP.

A number of issues are enumerated in the National Program, such as the low rates of inventive and innovative activity (especially at the regional level), the lack of incentives for business entities to introduce IP, and insufficient motivation for creators and inventors to create new IP.

The Convention on the Scientific and Innovative Development of Kyrgyzstan for the period to 2022 was approved in Government Decision No. 79 of February 8, 2017. This Convention provides a long-term vision for the national innovation system of Kyrgyzstan and determines the principles, framework and priority areas for the country’s development.

In the Cultural Development Program of Kyrgyzstan to 2020, dated October 15, 2015, the main challenges are defined, such as insufficient funding for culture and a lack of law enforcement practices for implementing State orders on creative works or establishing incentives for the production of such works.

The Convention on the Development of the Creative Economy in Kyrgyzstan for 2022-2024, currently being promoted, and the plan of action for its implementation appear to be having a positive impact on consolidating, developing and supporting the creative economy and creative industries in Kyrgyzstan.

All in all, it should be noted that the Government's strategic documents address, to some extent, issues relating to developing and supporting the sectors of the creative economy and creative industries.

Comparative analysis of copyright sectors in Kyrgyz legislation and the WIPO Guide

When comparing the copyright objects referred to the Kyrgyz Act on copyright and rights and in the WIPO Guide, the following should be noted:

Article 7 of the Act on copyright and related rights contains references to 14 copyright industries (creative industries), while the WIPO Guide makes reference to 9 overall. At the same time, it is worth noting that creative industry sectors 2 to 5 in the Act come under one sector – “Music, theatrical productions, operas” – in the WIPO Guide (see comparative table).

In contrast to the Act on copyright and related rights, the group of core copyright industries in the WIPO Guide is missing two creative industry sectors: architecture, urban planning and garden design; and decorative and applied arts. Under the above-mentioned WIPO classification, these sectors belong to a different group of copyright industries: partial copyright industries.

In the Act on copyright and related rights, works of decorative and applied art are understood as a two- or three-dimensional work of art transferred to practical objects, including artisanal or industrially-produced works.

Just as the WIPO Guide allows for adjustments to be made to the national nomenclature for copyright objects, so it is suggested in the Guide that these two branches to be included among the creative industries. The main regulatory acts concerning works of decorative and applied arts and works of architecture, urban planning and garden design will also be mentioned in the annex on objects.

In contrast to the WIPO Guide, there are two subjects that do not feature in the Kyrgyz Act on copyright and related rights: these are advertising services and copyright management societies.

The following should be noted in relation to these two areas of copyright:

The Kyrgyz Act on copyright and related rights has a section IV, entitled “Collective management of property rights”. However, such societies are not subject to copyright or part of the creative industries, but rather are a mechanism to support and protect the rights of creators and other rights holders.

In that regard, it does not seem worthwhile to consider this area of copyright in the WIPO Guide in detail. These societies play an important role in the copyright protection system and were therefore included by WIPO in the groups of copyright industries.

Traditionally, copyright management societies or collective management organizations are organizations that collectively manage the property rights of creators, users, phonogram producers and other holders of copyright or other rights; these are created with the aim of guaranteeing the property rights of specified individuals in cases where it is difficult to implement them in practice on an individual basis.

In Kyrgyzstan, advertising services are not considered copyrightable and are regulated separately by the Act on advertising. This Act regulates relationships arising during the process of creating, placing and distributing advertisements on markets of goods, works and services (hereinafter goods) in Kyrgyzstan, including securities markets and markets for banking, insurance and other services related to the use of funds by individuals and legal entities.

Under article 4 of the Act on advertising, advertising may be subject to copyright and related rights in full or in part. Copyright and related rights are protected under the legislation of Kyrgyzstan, and given that advertising services are also included as copyrightable in the Guide, this sector of the creative industries will be analyzed in this report.

Forms of representation and expression, knowledge and skills, as well as the related tools, objects, artifacts and cultural spaces, and traditional handicrafts are regulated in the legislation of Kyrgyzstan by Act No. 163 of August 9, 2012, the intangible cultural heritage of Kyrgyzstan and Act No. 77 of March 16, 2006, on the revival, development and protection of traditional handicrafts.

In sum, the following should be noted.

Overall, the Act on copyright and related rights and other Kyrgyz laws and regulations on IP are harmonized with the requirements of relevant international standards, and the majority of the WIPO industry groups are covered by the definition of copyrightable objects in article 7 of the Act on copyright and related rights.

Comparative table of areas of copyright in the Kyrgyz Act on copyright and related rights and the WIPO Guide

No.	Copyrightable areas (creative industries) under the Kyrgyz Act on copyright and related rights	Main copyright sectors (creative industries) in the WIPO Guide
1	Literary works (fiction, scientific, academic, journalistic, etc.)	Press and literature
2	Dramatic and scripted works	Music, theatrical productions, operas
3	Musical works with and without lyrics	Music, theatrical productions, operas
4	Musical dramatic works	Music, theatrical productions, operas
5	Choreographic works and pantomimes	Music, theatrical productions, operas
6	Audiovisual works (motion pictures, television programs and video, slide shows and other forms of cinematic, televisual and video productions)	Motion picture and video Radio and television
7	Paintings, sculptures, graphics, designs and other works of visual art	Visual and graphic arts
8	Decorative and applied arts and set design	Partially included. Set design may be included under the definition of “other personnel” in the “Music, theatrical productions, operas” section. “Decorative and applied arts” are not included.
9	Architecture, urban planning and garden design	Not included
10	Photographic works and works created using methods similar to photography	Photography
11	Geographical, geological and other maps, plans, drawings and works relating to geography, topography and other sciences	Press and literature
12	Computer programs of all kinds, including applications and operating systems	Software, databases and computer games
13	Not included	Advertising services
14	Not included	Copyright collective management societies

METHODOLOGY FOR CALCULATING THE MAIN INDICATORS FOR THE STATE AND DEVELOPMENT OF THE CREATIVE ECONOMY IN KYRGYZSTAN

I. BACKGROUND INFORMATION

“Creative economy” is a term that describes the entire system of relations in the post-industrial, knowledge-based economy in which creativity plays a role as an important characteristic and a driving force in competitiveness and economic growth.

The main features of the creative industries are:

- predominance of creativity in the creation of products and services;
- innovative nature of results of work;
- dominance of intellectual (intangible), rather than material, economic production;
- intellectual and creative resources as the main asset for enterprises under all forms of ownership;
- profit generation ensured by the use value (usefulness) of economic products whose main value lies in their intellectual, rather than material, components;
- the free, effective and purposeful exchange of creative energy among all market participants is guaranteed during the production of any economic products.

The aim of the creative industries is to achieve profitability from creative activity.

The term “creative economy” is defined as all individuals and business that create cultural, artistic and innovative products and services. This system also includes spaces where creators may freely present their work, receive feedback and exchange ideas.

The foundation of the creative economy is people’s use of creativity to increase the value of a given idea.

The close link between sectors of the creative economy and other industries often makes it difficult to define them and separate them into different creative blocks. It is not possible to identify creative sectors using the standard classification of economic sectors.

1.2. Aims and objectives

The main objective relating to statistics on the creative economy is to present users with accurate official statistical information characterizing the state and development on the creative industries in Kyrgyzstan and measuring their contribution to the national economy.

The primary aim of this methodology is to develop a classification method for sectors of the creative economy and approaches to identifying entities in the creative economy, establish a register (total population), and identify sources of information, tools for conducting statistical surveys and recommendations for assessments and estimates in calculations.

1.3. Classification categories

- State Nomenclature of Economic Activities (third version);
- State Classification of Managing Bodies;
- National Classification of Forms of Ownership;
- State Statistical Classification of Products (goods and services);
- Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union.

1.4. Legal and regulatory framework

- Kyrgyz Act No. 82 of June 8, 2019, on official statistics;
- Kyrgyz Act No. 6 of January 14, 1998, on copyright and related rights;
- Guide to Surveying the Economic Contribution of Copyright Industries. Second edition. WIPO, Geneva: 2015;
- Methodological provisions on calculating GDP by method of production, approved by Decision No. 66 of the National Statistics Committee of Kyrgyzstan of July 1, 2008;
- Method No. 3 of January 29, 2009, on calculating input-output tables.

2. GENERAL PRINCIPLES FOR CONSTRUCTING STATISTICAL INDICATORS

2.1. Main concepts and definitions

Creative industries – specific economic sector based on the sale of goods and services resulting from intellectual activity.

Core copyright industries – industries which are wholly engaged in the creation, production and manufacturing, performance, broadcasting, communication and exhibition, or distribution and sale of works and other protected subject matter.

2.2. Core indicators on the state of the creative industries and their contribution to the national economy

The preferred methodology for measuring the economic activity of the creative industries (copyright industries) relies on the value-added approach. Nevertheless, it is customary to refer to contributions to the overall economic activity in terms of GDP, which constitutes the main size indicator along with contribution to employment.

Three main indicators related to size, that is, size indicators (S) are used:

- (S.1) contribution of the copyright industries as a percentage of: (a) GDP, and (b) GVA;
- (S.2) contribution of the copyright industries to: (a) employment, and (b) compensation of employees; and
- (S.3) foreign trade: (a) value of imports and exports, and (b) shares in overall exports and imports.

These indicators are mutually complementary and provide a comprehensive horizontal picture of the copyright industries in the national economy. The distinction between the concepts of GDP and GVA is relevant as presented in the System of National Accounts (SNA), 2008.

2.3. Core requirements for information sources

It is important to identify clearly the measurements that should be used when determining the economic contribution of copyright industries. These measurements should be representative, justifiable and obtainable without major difficulties.

The following characteristics of the measurements used are worth highlighting.

They should be statistical in character and be produced on a regular basis (that is, not only as one-off estimations but as ongoing statistical processes), combining the compilation of benchmark estimations with more flexible uses of indicators.

Estimates must be based on reliable statistical sources.

Data should be comparable over time within the same country, comparable among countries and with indicators on other fields of economic activity, allowing for cross-sectoral and time-series analysis.

Data should be internally consistent and presented within internationally recognized macroeconomic frameworks.

3. COMPILING A REGISTER OF TYPES OF ACTIVITY (INDUSTRIES) IN THE CREATIVE ECONOMY

The first step in drawing up accounts for the copyright sector is to identify copyright activities and their corresponding products.

It is essential to adapt the list of copyright industries to the situation in the country. This involves grouping together items shown in different parts of the Nomenclature of Economic Activities.

The necessary adaptation is guided by what is defined and protected by the national copyright law and by the structure of the economy in the country.

Having identified an activity, information will have to be collected about the industries that will be studied, checking for compliance with the copyright and related rights legislation and analyzing the layers of economic activities involved. **This would mean excluding industries that are not protected under national copyright law and adding industries that are covered but may have been excluded.** When adding an industry, it is necessary to ensure that its contribution is identified to ensure comparability of the estimates with those of other studies. The adjustments introduced in this regard must be fully explained in the survey.

Definition and breakdown of the core copyright industries

The core copyright industries are industries which are wholly engaged in creation, production and manufacturing, performance, broadcasting, communication and exhibition, or distribution and sale of works and other protected subject matter.

A number of points should be mentioned in relation to this definition. The definition reflects and embeds the functional complexity of copyright goods and services: (a) creation; (b) production and manufacturing (i.e. producing); and (c) distribution, sales and services (distribution or tangible dissemination) and performance, broadcasting, communication and exhibition (intangible forms of distribution or dissemination).

All three of the above-mentioned functions cover individuals and companies whose activities are entirely related to works and other subject matter for copyright protection.

The core copyright industries as a category could not exist, or would be significantly different, without copyright in works or other subject matter. Therefore, for the industries in this category, 100 per cent of the value added is assigned as the copyright contribution to the national economy.

Only that part of the creation, production and distribution industries that is entirely dedicated to copyrightable materials is included in the core copyright industries.

A breakdown of the various activities which can be included under the nine subgroups of the creative economy follows here. On the basis of this list, a definition of the types of economic activity can be drawn up in accordance with the Nomenclature of Economic Activities in force in the country.

1) Press and literature

Authors, writers, translators;

Newspapers;

News and creative agencies;

Magazines/periodicals;

Book publishing;

Cards, maps, directories and other published materials;
Pre-press, printing, and post-press of books, magazines, newspapers, advertising materials;
Wholesale and retail of press and literature (bookstores, news-stands);
Libraries.

2) Music, theatrical productions, operas

Composers, lyricists, arrangers, choreographers, directors, performers and other personnel;
Printing and publishing of music;
Production/manufacturing of recorded music;
Wholesale and retail of recorded music (sale and rental);
Artistic and literary creation and interpretation;
Performances and allied agencies (booking agencies, ticket agencies).

3) Motion picture and video

Writers, directors, actors, etc.;
Motion picture and video production and distribution;
Motion picture exhibition;
Video rentals and sales, including video on demand;
Allied services.

4) Radio and television

National radio and television broadcasting companies;
Other radio and television broadcasters;
Independent producers;
Cable television (systems and channels);
Satellite television;
Allied services.

5) Photography

Studios and commercial photography; and
Photo agencies and libraries (photo-finishing labs should not be included).

6) Software, databases and computer games

Programming, development and design;
Manufacturing, wholesale and retail pre-packaged software (business programs, video games, educational programs, etc.);
Database processing and publishing.

7) Visual and graphic arts

Artists;
Art galleries and other wholesale and retail;
Picture framing and other allied services;
Graphic design.

8) Advertising services

Agencies, buying services (the price of advertising should not be included).

9) Copyright collective management societies (turnover should not be included).

Here, the general underlying SNA framework rule, which states that the allocation of an enterprise or establishment should be done on the grounds of its principal activity, could be of guidance for the final allocations. In any case, the calculation of a set of "mixed coefficients", based on criteria combining reliable information and sound assumptions, is advisable.

Establishing the contribution of the interdependent copyright industries effectively requires judging the part of value added that is derived from creative and copyright activities.

Interdependent copyright industries

Interdependent copyright industries are industries that are engaged in production, manufacture and sale, and the renting or leasing of equipment. Their function is wholly or primarily to facilitate the creation, production or use of works and other protected subject matter.

The interdependent copyright industries include activities characterized by their complementarity with the core copyright industries because they are jointly consumed; for example, there is no television programming unless there is a television. The category comprises the manufacture, wholesale and retail (sales, rental and leasing) of the following:

- TV sets, radios, CD-DVD-Blu-Ray players, electronic game equipment and other similar equipment;
- computers and equipment;
- tablets and smartphones;
- musical instruments;
- photographic and cinematographic instruments;
- photocopiers;
- blank recording materials;
- paper.

The interdependent copyright industries support the use of copyright content in a crucial way, but they are in turn dependent on the availability of copyright works, hence their complementarity.

In addition, the group of interdependent copyright industries covers the manufacture, wholesale and retail (sales, rental and leasing) of the above-mentioned goods.

While these industries do not exist primarily to perform functions (particularly reproduction) related to copyright works, they significantly contribute to copyright use, predominantly through facilitation equipment. However, they are linked to multi-purpose technological devices that have uses other than the use of copyright works and other protected subject matter. For the most part, they are consumer durables. The value assigned to them must be justified.

Partial copyright industries

The partial copyright industries are industries in which a portion of the activities is related to works and other protected subject matter and may involve creation, production and manufacturing, performance, broadcasting, communication and exhibition, and distribution and sales.

Only that portion that is attributable to works and other protected subject matter should be included. These industries include:

- apparel, textiles and footwear;
- jewellery and coins;
- other crafts;

- furniture;
- household goods, china and glass;
- wall coverings and carpets;
- toys and games;
- architecture, engineering, surveying;
- interior design;
- museums.

Non-dedicated support industries

Non-dedicated support industries are those in which a portion of the activities is related to facilitating broadcast communication and the distribution or sale of works and other protected subject matter, whose activities have not been included in the core copyright industries.

The non-dedicated support industries include:

- general wholesale and retail;
- general transportation;
- information and communication (including wire, wireless, satellite, and internet).

These industries derive from the backward linkages and generally refer to business services and delivery modes. They measure spillover effects but are quite far removed from the core copyright industries. The non-dedicated support industries share some functions with other industries, which is why they can be taken into account only to a certain extent in a survey. Here again, a qualified judgment must be applied when measuring their effect on a national economy. When analyzing the distribution aspect of this group of industries, it is necessary to use estimates of the specific functions they perform.

4. STATISTICAL ANALYSIS OF THE CONTRIBUTION OF CREATIVE INDUSTRIES TO GDP PRODUCTION

GDP derives from the concept of value added. **Gross value added (GVA) is the difference between output and intermediate consumption.** GDP is the sum of GVA of all resident producer units plus that part (possibly the total) of taxes on products, less subsidies on products, that is not included in the valuation of output.⁴

To create SNA indicators, such as Total Output, Intermediate Consumption, Gross Compensation of Employees, Number of Employees, and import and export of good and services, all national statistics organizations worldwide use methods of compiling data from different sources.

The following are used as sources of information:

- data obtained through mass and sample statistical surveys of legal entities;
- data obtained through sample statistical surveys of natural persons and individual entrepreneurs;
- sample surveys of household budgets;
- sample surveys of workforces;
- data from State budget implementation reports;
- administrative reporting data from the customs service;

⁴ System of National Accounts 2008. Point 2.138. European Commission, International Monetary Fund (publication No. SNA EA 2008 001), Organisation for Economic Co-operation and Development (code OECD 302009191P1), United Nations (Sales No. R.08.XVII.29, document symbol ST/ESA/STAT/SER.F/2/Rev.5), World Bank.

- administrative reporting data from the tax service;
- statistical data from central banks;
- expert assessments and assumptions.

Statistical analysis of the number of workers in the creative industries, share of the total population

Alongside the indicator “creative economy share of GDP”, indicators such as “number of employees in creative economy sectors” and “compensation” are also indicative of the level of development of creative forms of economic activity.

Information sources for statistical data on the economically active population are:

- sample surveys of workforces (household surveys);
- data from labor reports (statistical surveys of legal entities) on the number of employees in enterprises and organizations;
- data from the database of the Unified State Register of Statistical Units on the amount of assets of individual entrepreneurs carrying out their own work;
- data from the database of the Unified State Register of Statistical Units on the amount of assets of individual entrepreneurs with employees.

Import and export, share of total imports and exports

Import (export) of goods – entry into/exit from the customs area of Kyrgyzstan with no obligation to re-import/re-export. **Import** covers goods imported to meet the country’s economic needs, goods transported into the national territory in accordance with re-export regulations, and goods purchased for Kyrgyz organizations abroad for local use.

Import records use cost, insurance and freight prices or border prices of the importing country, i.e. the price of the goods includes insurance and the cost of transporting the goods to the border of the importing country.

Export includes domestically-produced goods exported from the country, as well as the re-export of goods. Domestically-produced goods also include goods of foreign origin imported into the country and subjected to substantial processing that changes their basic qualitative features. Re-exported goods include goods previously imported into the customs area of Kyrgyzstan that are subsequently exported from the territory without payment or with the reimbursement of paid amounts of import customs duties and taxes and without the application to the goods of prohibitions or restrictions of an economic nature.

In accordance with the balance-of-payments methodology, information on exports is produced using the border prices of the exporting country, taking into account the value of the goods and the cost of delivering them to the border of the exporting country.

Import (export) services. These services are the useful result of activity that satisfies certain needs but does not have any tangible form. When an import service is provided by a non-resident of the country to a resident, and when an export service is provided by a resident to a non-resident, it is reflected in value terms.

Fundamental to the creation of indicators on the foreign trade activity of Kyrgyzstan is the Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union, an international classification.

Information on the volume of goods imported into and exported from Kyrgyzstan using the 10-digit codes of the Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union is freely available on the official website of the National Statistics Committee of Kyrgyzstan under “Statistics”. Also available on the same website is information on the volume of services exported and imported.

STATISTICAL ANALYSIS OF THE CONTRIBUTION OF THE CREATIVE INDUSTRIES USING DATA FROM 2019-2020

Data from the National Statistics Committee of Kyrgyzstan were used to calculate the contribution to GDP, employment and foreign trade.

Supply and use tables (SUT) are valuable sources of detailed activity data, especially if available in balanced form when they may be used to measure the creative industries. However, summarized SUT on Kyrgyzstan are currently available, covering only 38 types of economic activity.

Some industry classes are shared between different core industries and even between different categories or groups of industries. In the annexes this is indicated by (s) immediately after the specific industry class, thereby denoting it as a “shared” code. For example, motion picture, video and television program production activities” is shared between “Motion Picture and Video”, and “Radio and Television”. To avoid counting the contribution of that form of activity twice, 100 per cent of the total is attributed to the industry in which, according to expert assessment, the type of activity has the greatest share. For all other industries this contribution is considered equal to zero.

For all forms of activity that are not core copyright industries, where the contribution is counted as 100 per cent, a **weighting process (coefficients)** is used to calculate copyright factors. To determine the size of coefficients for research purposes, coefficients adopted in comparable countries were used, in addition to the results of surveys and expert evaluations. The value of the coefficients for the copyright factors identified is provided in **Annex 3**.

The data were captured between 2019 and 2020, bearing in mind that the methodology requires further refinement and testing, and that calculating data over a longer period of time using a methodology that has not yet been finalized would lead to unnecessary expense.

I. CONTRIBUTION TO GDP

According to the calculation, the total contribution of the copyright industries to GDP in 2019 was 8,255.9 million Kyrgyz soms or 1.33 per cent. In 2020, the contribution to GDP was 8,570.3 million Kyrgyz soms or 1.42 per cent (**table 2**).

Table 2. Contribution of copyright industries to GDP in million Kyrgyz soms

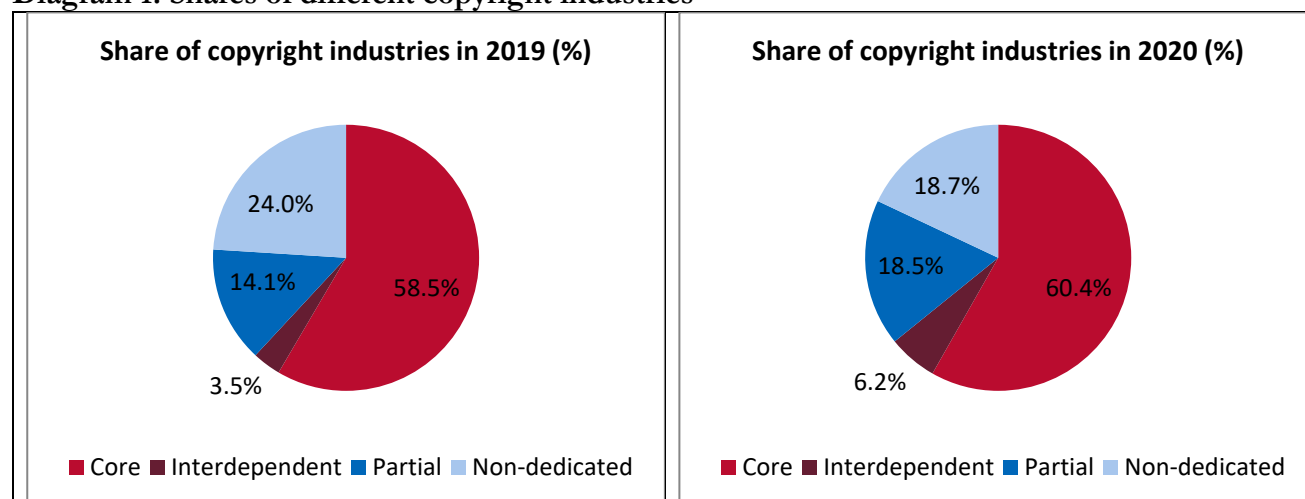
Type of copyright industry	2019	2020
Core	4,826.9	4,989.8
Interdependent	284.9	510.7
Partial	1,162.5	1,527.9
Non-dedicated	1,981.7	1,542.0
Total	8,255.9	8,570.3
Percentage of GDP	1.33%	1.42%

Source: Authors’ calculations based on data from the National Statistics Committee of Kyrgyzstan

Looking at the share of different copyright industries, it is clear, from the 2020 figures, that a biggest share comes from the core industries, which contributed over 60 per cent. The partial and non-dedicated support industries contributed almost identical shares of approximately 18 per cent. The smallest share – around 6.2 per cent – comes from the interdependent industries. In 2019, the distribution of the share among the different groups of copyright industries was largely the same, except that the share from interdependent

industries was even lower, at 3.5 per cent of the total (**diagram 1**). Such a distribution is atypical at the global level; internationally, the average share of interdependent industries stands at around 19 per cent.⁵

Diagram 1. Shares of different copyright industries



Source: Authors' calculations based on data from the National Statistics Committee of Kyrgyzstan

1.1. GDP of the core copyright industries

The core copyright industries are industries that are wholly engaged in the creation, production and manufacturing, performance, broadcasting, communication and exhibition, or distribution and sale of works and other protected subject matter. They are:

- 1) press and literature;
- 2) music, theatrical productions, operas;
- 3) motion picture and video;
- 4) radio and television;
- 5) photography;
- 6) software, databases and computer games;
- 7) visual and graphic arts;
- 8) advertising services;
- 9) copyright collective management societies.

In 2020, the sectors with the largest contributions to GDP among the core copyright industries were press and literature with 1,324.6 million Kyrgyz soms, radio and television with 668.4 million Kyrgyz soms, software, databases and computer games with 2,072.2 million Kyrgyz soms and advertising services with 516.1 million Kyrgyz soms. The share of these core industries was 408.4 million Kyrgyz soms (**table 3**).

Table 3. Contribution to GDP of the core copyright industries in million Kyrgyz soms

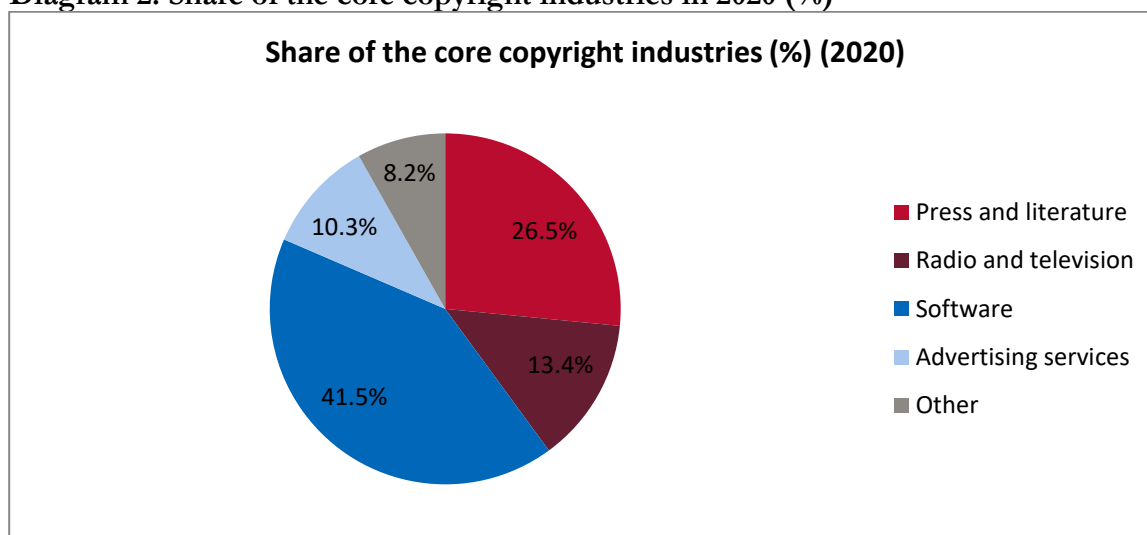
Core industries	2019	2020
Press and literature	1,084.9	1,324.6
Music, theatrical productions, operas	170.5	195.3
Motion picture and video	132.2	44.9

⁵ WIPO Guide, point 17, fig. 1.3.

Radio and television	607.9	668.4
Photography	191.0	155.6
Software, databases and computer games	1,992.9	2,072.2
Visual and graphic arts	15.5	12.6
Advertising services	631.9	516.1
Copyright collective management societies	0	0
Total	4,826.9	4,989.8

Also in 2020, the sector of software, databases and computer games provided 41.5 per cent of the total GDP of the core creative industries. This was followed by press and literature on 26.5 per cent, radio and television on 13.4 per cent and advertising services on 10.3 per cent. All remaining industries together accounted for 8.2 per cent (**diagram 2**).

Diagram 2. Share of the core copyright industries in 2020 (%)



1.2. GDP of the interdependent copyright industries

Interdependent copyright industries are industries that are engaged in the production, manufacture and sale, and the renting or leasing of equipment. Their function is wholly or primarily to facilitate the creation, production or use of works and other protected subject matter. The category comprises the manufacture, wholesale and retail (sales, rental and leasing) of the following:

- TV sets, radios, CD-DVD-Blu-Ray players, electronic game equipment and other similar equipment;
- computers and equipment;
- tablets and smartphones;
- musical instruments;
- photographic and cinematographic instruments;
- photocopiers;
- blank recording materials;
- paper.

The contribution of interdependent industries to GDP in 2019 and 2020 is shown in **table 4**. In 2020, the main share came from the manufacture, whole and retail of TV sets, radios, CD-DVD-Blu-Ray players,

electronic game equipment and other similar equipment, which accounted for 308.6 million Kyrgyz soms, and paper, with 102.3 million Kyrgyz soms. The share from the other industries is negligible.

Table 4. Contribution to GDP of the interdependent industries in million Kyrgyz soms

Interdependent industries	2019	2020
TV sets, radios, players and other similar equipment	60.2	308.6
Computers and equipment, tablets and smartphones	3.1	3.9
Musical instruments	3.0	46.7
Photographic and cinematographic instruments	23.9	45.5
Photocopiers	8.9	1.9
Blank recording materials	4.1	1.8
Paper	181.6	102.3
Total	284.9	510.7

1.3. GDP of the partial copyright industries

The partial copyright industries are industries in which a portion of the activities is related to works and other protected subject matter and may involve creation, production and manufacturing, performance, broadcasting, communication and exhibition, and distribution and sales.

Only that portion that is attributable to works and other protected subject matter should be included. These industries include:

- apparel, textiles and footwear;
- jewellery and coins;
- other crafts;
- furniture;
- household goods, china and glass;
- wall coverings and carpets;
- toys and games;
- architecture, engineering, surveying;
- interior design;
- museums.

In 2020, the sectors with largest contributions to GDP among the partial copyright industries were architecture, engineering and surveying with 824.8 million Kyrgyz soms, jewellery and coins with 546.5 million Kyrgyz soms, museums with 56.5 million Kyrgyz soms and apparel, textiles and footwear with 43.7 million Kyrgyz soms (table 5).

Table 5. Contribution to GDP of the partial industries in million Kyrgyz soms

Partial industries	2019	2020
Apparel, textiles and footwear	20.9	43.7
Jewellery and coins	113.7	546.5
Other crafts	0	0
Furniture	6.2	9.6
Household goods, china and glass	8.1	12.9
Wall coverings and carpets	0.4	1.2
Toys and games	0	32.8
Architecture, engineering, surveying	941.7	824.8

Interior design	0	0
Museums	71.4	56.5
Total	1,162.5	1,527.9

1.4. Contribution to GDP of the non-dedicated support industries

Non-dedicated support industries are those in which a portion of the activities is related to facilitating broadcast communication and the distribution or sale of works and other protected subject matter, whose activities have not been included in the core copyright industries. The non-dedicated support industries include:

- general wholesale and retail;
- general transportation;
- information and communication (including wire, wireless, satellite, and internet).

The contribution of these industries to GDP in 2020 is shown in **table 6**.

Table 6. Contribution to GDP of the non-dedicated industries in million Kyrgyz soms

Non-dedicated industries	2019	2020
General wholesale and retail	0	0
General transportation	1,323.0	892.0
Information and communication	658.7	650.0
Total	1,981.7	1,542.0

2. CONTRIBUTION TO EMPLOYMENT

In total, 135,965 people were employed in copyright industries in 2020, representing 5.6 per cent of the country's total employed population. The full breakdown of employees by the various industries and types of activity is shown in **table 7**.

Table 7. Total number of persons employed in the copyright industries (2019-2020)

Industry	Type of activity	2019	2020
CORE COPYRIGHT INDUSTRIES			
Press and literature	Activities in other art forms	148	138
	Translation and interpretation activities	357	299
	Other additional business-support activity n.e.c.	248	230
	Publishing of newspapers	690	380
	News agency activities	249	202
	Publication of journals and periodicals	102	98
	Book publication	81	73
	Publication of directories and mailing lists		
	Other publishing activities	81	59
	Printing of newspapers	62	89
	Photocopying, document preparation and other specific additional activity	123	115

	Other printing (excluding newspapers)	641	854
	Provision of printing and copying services	43	43
	Binding and related services	31	29
	Retail sale of books in specialized stores	453	465
	Retail sale of magazines in specialized stores	649	621
	Wholesale of other non-food consumer goods	421	85
	Rental of other household products and personal items	148	132
	Library and archives activities	7,056	7,195
Music, theatrical productions, operas	Artistic activity	2,624	2,627
	Sound recording and music publishing activity	26	
	Reproduction (copying), duplication of recorded media	11	10
	Retail sale of music and video recordings in specialized stores		
	Rental of video tapes and disks	1	
	Wholesale of electrical household appliances, radio and television equipment	192	171
	Wholesale of other non-food consumer goods		
	Support activities in the field of fine art	110	94
	Reservations and other activities in the field of tourism	101	79
	Theater and concert hall activity	42	85
Motion picture and video	Activities in other art forms		
	Motion picture, video and television program production activities	257	234
	Motion picture, video and television program post-production activities		
	Motion picture, video and television program distribution activities	75	191
	Motion picture projection activities	270	197
	Reservations and other activities in the field of tourism		
	Rental of video tapes and disks		
	Retail sale of video and musical recordings in specialized stores		
	Wholesale of electrical household appliances, radio and television equipment		
	Reproduction (copying), duplication of recorded media		
Radio and television	Radio broadcasting	53	57
	Television	1,659	1,716
	Motion picture, video and television program production activities		
	Motion picture, video and television program post-production activities		

	Motion picture, video and television program distribution activities		
Photography	Photographic activities	577	488
Software, databases and computer games	Publishing of computer games	36	31
	Other software publishing	126	81
	Software development	574	586
	Computer consultancy activities	127	146
	Computer systems management	75	60
	Other information technology and computer service activities	228	1,447
	Wholesale of computers, peripherals and software	181	158
	Retail of computers and software in specialized stores	1,737	1,583
	Data processing, hosting and related activities	1,239	1,159
	Use of Web portals (Internet)	245	239
Visual and graphic arts	Activities in other art forms		
	Theater and concert hall activity		
	Photographic activities		
	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	184	168
	Other printing		854
	Specialized design activities	173	168
Advertising services	Advertising agencies	1,057	969
	Market research and public opinion polling	5,650	5,335
Copyright collective management societies			
CORE INDUSTRIES TOTAL:		29,212	30,040
INTERDEPENDENT INDUSTRIES			
TV sets, radios, players and other similar equipment	Manufacture of consumer electronics	4	2
	Manufacture of communication equipment	18	14
	Retail sale of audio and video equipment in specialized stores	518	402
	Wholesale of other non-food consumer goods		
	Rental of other personal and household goods		
	Rental of office machines and equipment, including computers	4	4
	Manufacture of computers and peripheral equipment	11	16
	Retail sale of computers and software in specialized stores		

Computers and equipment, tablets and smartphones	Rental of office machinery and equipment (including computers)		
Musical instruments	Manufacture of musical instruments	4	
	Wholesale of other non-food consumer goods		
	Retail sale of furniture, lighting equipment and other household articles in specialized stores	1,889	1,709
	Rental of other personal and household goods		0
Photographic and cinematographic instruments	Manufacture of optical instruments and photographic equipment	14	13
	Wholesale of electrical household appliances, radio and television equipment		
	Other retail sale of new goods in specialized stores	1,324	532
	Rental of other machinery, equipment and tangible goods n.e.c.	175	196
Photocopiers	Manufacture of office machinery and equipment (except computers and peripheral equipment)		
	Wholesale of other machinery and equipment	109	78
Blank recording materials	Manufacture of magnetic and optical media		
	Wholesale of electronic and telecommunications equipment and parts	37	32
Paper	Manufacture of paper and paperboard	62	51
	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	342	336
	Manufacture of paper stationery	41	40
	Manufacture of other articles of paper and paperboard	11	8
	Other retail sale of new goods in specialized stores		
INTERDEPENDENT INDUSTRIES TOTAL:		4,564	3,430
PARTIAL INDUSTRIES			
Apparel, textiles and footwear (fashion)	Manufacture of leather clothes		
	Manufacture of workwear	179	193
	Manufacture of other outerwear	3,336	2,985
	Manufacture of underwear	80	147
	Manufacture of other wearing apparel and accessories	314	327
	Manufacture of made-up textile articles, except apparel	314	302
	Manufacture of footwear	185	119
	Wholesale of textile products	194	157
	Wholesale of clothing and footwear	236	211
	Retail sale of textiles in specialized stores	1,145	1,032
	Retail sale of knitted products in specialized stores	7,533	6,883
	Retail sale of footwear in specialized stores	1,345	1,223

	Specialist design activity		
Jewellery and coins	Striking of coins and medals		
	Manufacture of jewellery	257	178
	Manufacture of costume jewellery and similar items		
	Specialized design activities		
	Wholesale of watches and jewellery	18	18
	Other retail sale in non-specialized stores	11,845	11,142
	Retail sale of watches and jewellery in specialized stores	834	774
Other crafts	Specialized design activities		
	Activities of other membership organizations n.e.c.		
	Other retail sale in non-specialized stores		
	Retail sale of watches and jewellery in specialized stores		
Furniture	Manufacture of office and shop furniture	386	410
	Manufacture of kitchen furniture	45	40
	Manufacture of mattresses	17	16
	Specialized design activities		
	Wholesale of other non-food consumer goods		
	Retail sale of furniture, lighting equipment and other household articles in specialized stores		
	Rental of other personal and household goods		
Household goods, china and glass	Manufacture of hollow glass	489	434
	Manufacture of knitted and crocheted fabrics	169	
	Manufacture of other knitted and crocheted apparel	167	364
	Manufacture of other fabricated metal products n.e.c.	562	566
	Retail sale of hardware, paints and glass in specialized stores	2,673	2,485
	Wholesale of household furniture, carpets and lighting fixtures	24	26
	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials		168
	Retail sale of furniture, lighting equipment and other household articles in specialized stores		1,709
	Wholesale of china and glassware, wallpaper and cleaning materials	61	56
Wall coverings (wallpaper) and carpets	Retail sale of carpets in specialized stores	186	359
	Manufacture of wallpaper		
	Specialized design activities		
	Manufacture of carpets and rugs	49	42
Toys and games	Manufacture of games and toys		
	Specialized design activities		
	Retail sale of games and toys in specialized stores		4

	Wholesale of other non-food consumer goods		
	Other retail sale in non-specialized stores		
Architecture, engineering, surveying	Architectural activities	1,596	1,598
	Engineering activities and related technical consultancy	4,212	3,315
Interior design	Specialized design activities		
Museums	Museums activities	465	467
PARTIAL INDUSTRIES TOTAL:		38,920	37,751
NON-DEDICATED INDUSTRIES			
General wholesale and retail			
General transportation	Land and pipeline transport activity	46,852	42,828
	Water transport activity		
	Air transport activity	1,047	709
	Warehousing and auxiliary transport activity	11,326	9,800
	Postal and courier activities	4,042	3,496
	Activities of travel agencies and tour operators, reservations and other activities in the field of tourism	2,048	1,601
Information and communication (including wire, wireless, satellite, and internet)	Communications	6,159	6,310
NON-DEDICATED INDUSTRIES TOTAL:		71,473	64,744
TOTAL FOR ALL COPYRIGHT INDUSTRIES:		144,169	135,965

3. CONTRIBUTION OF THE COPYRIGHT INDUSTRIES TO FOREIGN TRADE

In 2020, the total export of goods of copyright (creative) industries represented 82.2. million United States dollars (USD) or 4.2 per cent. Imports for the same period represented 424.4 million USD or 11.4 per cent.

Exports of creative industries services represented 60.9 million USD or 14.2 per cent in 2020. Imports of such services represented 63.6 million USD or 10.5 per cent.

Table 8. Share of copyright industries in foreign trade (thousand USD)

	2019	2020
Export of goods - total	1,986,109.9	1,973,190.6
Including goods from the creative industries	132,771.8	82,190.0
Share of creative industries goods in total exports, %	6.7	4.2
Import of goods - total	4,987,220.0	3,718,850.9
Including goods from the creative industries	906,777.2	424,417.5
Share of creative industries goods in total imports, %	18.2	11.4
Export of services - total	1,082,659.3	428,240.1
Export of creative industries services	64,960.2	60,945.1
Share of creative industries services in total exports of services, %	6.0	14.2
Transportation services	270,972.1	153,933.0
Telecommunication, computer and information services	14,705.5	13,775.2
Professional services and management consultancy services	16,490.5	16,617.1
Fees for use of intellectual property	1,073.1	1,363.2
Other business services	17,046.3	21,556.6
Private services and cultural and recreational services	2,638.1	244.3
Import of services - total	1,020,827.6	604,098.0
Import of creative industries services	70,489.7	63,551.5
Share of creative industries services in total imports of services, %	6.9	10.5
Transportation services	454,121.9	352,713.6
Telecommunication, computer and information services	23,282.6	20,943.5
Professional services and management consultancy services	16,490.5	16,617.1
Operating leases	3,546.1	3,156.4
Fees for use of intellectual property	5,000.6	5,652.9
Private services and cultural and recreational services	372.1	251.4

RECOMMENDATIONS

The following are the main suggestions for inclusion in draft legislation on the creative economy and creative industries.

In order to implement a shared vision and provide for the complex development and support the creative economy, it is recommended that the draft legislation (series of draft laws) on the creative economy and creative industries:

- include creative economy and creative industry terminology;
- designate the competent State authority responsible for the development of government policy on the creative economy and creative industries, legislation and regulations, representation of interests, development and support;
- create the legal conditions (reference standards for regulations and institutional acts) for the approval of methodology on identifying and measuring creative economy industries, and their increased harmonization with relevant national accounting system for relevant statistics on areas of the creative economy;
- make a classification of creative industry groups by establishing a public register of creative industry entities;
- identify State support measures for creative entrepreneurship with the introduction of basic criteria on the volume of intangible assets of creative enterprises;
- expand the scope of legislation on IP to the creative economy and creative industries as the concepts of the creative economy and creative industries are inextricably linked to IP;
- other stakeholder suggestions, such as a public discussion on the concepts of this draft legislation, with the broad participation of all stakeholders, being a mandatory condition for the development of the legislation.

Formalizing the terms “creative economy” and “creative industries” in national legislation will also enable the legal conditions to be created to:

- introduce special tax systems with various benefits and exemptions for entities in the creative economy and creative industries, creating new economic resources on the basis of IP as, in general, it is essential to provide State support for the creative self-development of individuals and creative activity without the framework of available opportunities;
- provide education on the institutional foundation of support for the creative economy and creative industries, such as by creating regional catapult structures, science and innovation centers, consultative and advisory bodies and specialized funds;
- provide guidance to educational organizations on the training of highly skilled staff specializing in the creative economy and creative industries, which will enable the organization of a modern educational process and the updating of the vocational training system for specialists in the creative economy and creative industries;
- focus the attention of financial and credit institutions on the possibility of increased lending to entities in the creative economy and creative industries secured against IP, which will make it possible to measure the capitalization of companies in the creative industries sector on the principle of IP valuation;
- use State procurement to draw attention to the creative economy and creative industries, providing creative businesses with the opportunity to participate in an invitation to tender, competing against traditional companies for the right to enter into contracts to develop goods and services that meet the particular needs of the public sector in view of the creativity of their approach;
- increase the export potential of products arising from the activities of the creative industries;

- simplify procedures to enhance IP protection mechanisms.

At present, an important point is to further improve IP legislation, with it being particularly vital to continue work at both the national and international levels, taking into account the compatibility of this legislation with WIPO international treaties, on:

- expanding the list of fundamental copyright objects (creative industries);
- simplifying the procedures and cost of providing legal protection for IP and its adaptations for entities in the creative industries;
- rolling out ICT;
- IP objects;
- strengthening protection measures for IP products linked to entities in the creative economy and creative industries against their unlawful use by third parties (protection from counterfeit products and piracy) through innovation to amend IP laws in the criminal, administrative, civil and other legislation of Kyrgyzstan. These measures are essential, above all, in view of the “commercialization” of IP objects and the need to increase trust among representatives of the creative economy and creative industries in States IP and law enforcement bodies and courts;
- other essential directions, taking into account the views of all stakeholders.

Recommendations:

- create an easier way for innovative firms in the creative industries to launch and run their businesses;
- draft a law on support for organizers of creative spaces;
- develop a draft law on creative industry parks with a simplified tax system for its entities on the manufacture of creative goods and services for export;
- initiate amendments to the Kyrgyz Act on public procurement, allowing the specificities of the creative industries to be taken into account during tendering processes;
- ensure that representatives of the creative industries are able to access to the facilities and equipment of ministries, agencies and universities to conduct innovative research and create creative products;
- consider creating a venture capital trust fund to stimulate innovation in business and make a proposal to the Cabinet of Ministers of Kyrgyzstan;
- authorize the patenting of research and developments carried out in private firms at government expense, and grant licenses to use patents belonging to the Government of Kyrgyzstan with the right to use them for commercial purposes;
- ensure the implementation of tax and depreciation policy to allow entrepreneurs to use a significant part of their means and resources on innovative research. This primarily concerns the taxation of venture capital operations;
- develop a modern educational process and improve the vocational training of specialists in the creative industries;
- introduce elective courses into the curricula of schools and higher education institutions on the theory and practice of an informed and holistic approach to one’s own emotional, mental and physical health and well-being at the societal level;
- when reforming education, pay maximum attention to science, technology, engineering and mathematics subjects as they combine the natural sciences with engineering subjects;
- when reforming education, emphasize the study of the English language as the global language of science, business and innovation;

- consider creating a specialized bank to provide favorable conditions for long and medium-term borrowing for the purchase of equipment by small and medium-sized enterprises in the creative sector of the economy.

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