

STUDY ON THE ECONOMIC CONTRIBUTION OF THE COPYRIGHT-BASED INDUSTRIES – EXECUTIVE SUMMARY

This is the first study on the economic contribution of copyright-based industries to the Slovenian economy. It was initiated by the Slovenian Intellectual Property Office (SIPO) and financially supported by the World Intellectual Property Organization (WIPO) and the Ministry of Culture of the Republic of Slovenia, and was conducted between February 2009 and November 2009. The main purpose of the study is to quantify the economic contribution of industries based on copyright and related rights to the Slovenian national economy by measuring output, value added, employment and foreign trade. This study follows a methodology developed and proposed by WIPO based on best practices in the field. The main advantage of this methodology is that it allows for international comparability, since the study has already been conducted in more than 20 countries around the world.

It has to be stressed that the aim of the study was neither to measure the extent of illegal activity or piracy, nor to measure the impact of copyright on GDP (i.e. how much higher GDP is because of copyright). Instead, the main tasks were: i) to identify industries that are copyright-based according to WIPO; and ii) to measure their output, value added, employment, and foreign trade. The core of the study is based on official statistical data, but supplementary sources of information, including interviews with representatives of copyright-based industries, were also used. In order to identify relevant changes and trends, all data in this study was collected for the years 2002 and 2007.

The main conclusion based on analyzed statistical data is that copyright-based industries are significant to the Slovenian economy. In 2007 the total contribution of these industries was EUR 4.2 billion in production output, which represents 5.8 percent of national production output. Furthermore, these industries contributed EUR 1.7 billion in value added or 5.1 percent of national GDP. In terms of employment, copyright-based industries generated 54,506 jobs, which represented 6.8 percent of national employment. Our study showed that the productivity of copyright-based industries, measured as value added per employee, was EUR 32,025, which was below the national average of EUR 37,963. The balance of foreign trade of copyright-based industries was negative, meaning that imports were higher than exports, and amounted to EUR 279.1 million. The trend between 2002 and 2007 was mostly positive, but lower than the average for the economy.

Among the copyright-based industries, core industries make the largest economic contribution to the Slovenian economy. In 2007, core industries contributed approximately two thirds of the total contribution of copyright-based industries to GDP. Within core industries, press and literature was the most important in terms of the creation of output, value added and employment; however, software and databases, as a young and growing industry, is rapidly gaining economic importance.

Our findings show that the contribution of copyright-based industries to national GDP is similar to the contributions of public administration and common social services. The contribution is higher than the contributions of education; health and social work; financial intermediation; electricity, gas and water supplies; hotels and restaurants, etc. Compared to the findings of other national studies, the contribution of copyright-based industries to GDP in Slovenia was slightly lower than the average for 21 countries that have conducted a similar WIPO-methodology-based study (5.5 percent).

The core of the study analyzed the direct contribution of copyright-based industries to the Slovenian economy. However, in addition to this direct effect, copyright-based industries also indirectly generate demand for other industries that are linked to copyright-based industries (i.e. copyright-based industries need the products and services of financial, construction, food industries, etc.). To identify and estimate the total contribution of copyright-based industries (i.e. the direct as well as the indirect contribution, operating via backward linkages throughout the economy) on key macroeconomic variables, we applied input-output analysis. Results suggest that the total output impact of copyright-based industries across the economy in 2007 represented around 7 percent of total domestic production, and equated to 66,447 jobs (8.3 percent of total employment in Slovenia). Thus, the total value added that was created in 2007, directly and indirectly linked to copyright-based industries, was EUR 2.35 billion, accounting for 7.8 percent of national value added and 7 percent of Slovenian GDP.

The estimated output multiplier of copyright-based industries in Slovenia is 1.57, which means that each EUR 1,000 of copyright-based industries' final-use production will result in EUR 1,570 in total output production throughout the economy. Interestingly, this is comparable to the role of the tourism industry in Slovenia in terms of both the direct and the multiplication effect. Among the four groups of copyright-based industries, core and non-dedicated industries exhibited above-average multiplication effects. Core copyright industries alone have directly and indirectly provided 5 percent of national employment, 5 percent of total national value added, and 4.6 percent of GDP.

Considering the economic weight and results of the international comparison of copyright-based industries established by this study, we believe that copyright-based industries should receive more consideration from economic policies.