The Economic Contribution of Copyright-Based Industries in Argentina

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List of Acronyms

AADI *(Asociación Argentina de Intérpretes)*	Argentine Performers Association
AFSCA *(Autoridad Federal de Servicios de Comunicación Audiovisual)*	Federal Authority for Audio-visual Communication Services
AMBA *(Región Metropolitana de Buenos Aires)*	Greater Buenos Aires and the City of Buenos Aires
Argentores *(Sociedad General de Autores de la Argentina)*	General Society of Authors of Argentina
CADRA *(Centro de Administración de Derechos Reprográficos)*	Administration Center of Reprographic Rights
CAL *(Cámara Argentina del Libro)*	Publishers Association of Argentina
CAP *(Cámara Argentina de Publicaciones)*	Argentine Chamber of Publishers
CAPIF *(Cámara Argentina de Productores de Fonogramas y Videogramas)*	Argentine Chamber of Phonogram and Videogram Producers
CAPIT *(Cámara Argentina de Productoras Independientes de Televisión)*	Argentine Chamber of Independent Television Producers
CEDEM *(Centro de Estudios para el Desarrollo Económico Metropolitano)*	Center for Economic Development Studies, City of Buenos Aires
CEP *(Centro de Estudios de la Producción)*	Center of Production Studies
CERLALC *(Centro Regional para el Fomento del Libro en América Latina y el Caribe)*	Regional Center for the Promotion of Books in Latin America and Caribbean
CESSI *(Cámara de Empresas de Software y Servicios Informáticos)*	Chamber of Software and IT Services Companies in Argentina
CICOMRA *(Cámara de Informática y Comunicaciones de la República Argentina)*	Chamber of IT and Communications in the Argentine Republic
CISAC *(Confederación Internacional de Sociedades de Autores y Compositores)*	International Confederation of Authors and Composers Societies
CNDC *(Comisión Nacional de Defensa de la Competencia)*	National Committee for the Defence of Competition
CONABIP (Comisión Nacional de Bibliotecas Populares)	National Commission for the Protection of Community Libraries
DAC *(Sociedad Directores Argentinos Cinematográficos)*	Argentine Film Directors Association
DEISICA *(Departamento de Estudio e Investigación del Sindicato de la Industria Cinematográfica Argentina)*	Department for the Study and Research of the Film Industry in Argentina
DGIC *(Dirección General de Industrias Creativas)*	General Department of Creative Industries
DNDA *(Dirección Nacional de Derecho de Autor)*	National Copyright Office
GCBA *(Gobierno de la Ciudad Autónoma de Buenos Aires)*	Government of the City of Buenos Aires
IFRRO *(Federación Internacional de Organizaciones de Derechos de Reproducción)*	International Federation of Reproduction Rights Organizations

INCAA *(Instituto Nacional de Cine y Artes Audiovisuales)*	National Institute for Film and Audio-visual Arts
INDEC *(Instituto Nacional de Estadísticas y Censos de la Argentina)*	National Institute for Statistics and Census in Argentina
ISBN (Número Estándar Internacional de Libros)	International Standard Book Number
ISIB *(Ingresos Brutos)*	Gross Income tax
OIC *(Observatorio de Industrias Culturales)*	Observatory of Creative Industries
PYME *(Pequeña y mediana empresas)*	Small and medium sized companies
SADAIC *(Sociedad Argentina de Autores y Compositores de Música)*	Argentine Society of Music Authors and Composers
SAGAI *(Sociedad Argentina de Gestión de Actores Intérpretes)*	Argentine Management Society of Actors and Performers
SAVA *(Sociedad de Artistas Visuales Argentinos)*	Argentine Association of Visual Artists
SGC *(Sociedades de Gestión Colectiva)*	Collective Management Organizations
SInca *(Sistema de Información Cultural de la Argentina)*	Cultural Information System of Argentina

Executive Summary

Overview

Industries relating to copyright are generally able to both receive and apply the latest technology in the context of human capital-intensive activities, which makes them especially important for the long-term development of countries like Argentina. In this regard, and according to the findings of this study, these industries have proven to be capable of generating a significant contribution in terms of the value added, employment and foreign exchange earnings of the country in recent years.

To enhance the competitiveness and sustainability of such activities in the long term, a modern and strong institutional framework must be maintained and the specific mechanisms of economic development must be in line with the stage of development and challenges of each, taking into account that many of these are activities require risky investment. The construction of efficient and sustainable mechanisms for public-private cooperation would facilitate the economic and social advancement of an entire production network and should also generate information and indicators allowing the design and implementation of the public policies most appropriate to each case.

In particular, the present study focuses on this last point. This study follows the methodological guidelines of the 'WIPO Guide on Surveying the Economic Contribution of the Copyright-based Industries' (2003) and was conducted under the auspices of, and with funding from, WIPO, at the request of the Government of the Argentine Republic. This request was made in order to contribute to the implementation of public policies for the promotion of industries related to copyright by carrying out a study on their economic characteristics. The study would also increase public and political awareness about the relevance of the topic and the great potential of the sector for national development.

Legal and Institutional Framework

Argentina has an individual legal framework that, although dated in some respects, has been regularly updated to integrate the changes brought about by technological advances, the emergence of new formats and media, and the recognition of rights for other actors of the industry, among other innovations. Additionally, the Argentine regulatory system recognizes international agreements in this area, and the country has adhered to them as a result of its taking part in the relevant forums.

The degree of conflict identified is low, and cases brought to court are scarce. The usual practice for the exercise of these rights in the Argentine Republic has been the negotiation of out-of-court settlements between parties.

Although there is insufficient reliable information to allow an accurate assessment of the degree of piracy of products protected by copyright, the infringement level is generally high, while varying greatly between sectors and goods. Regarding piracy events, few cases have been brought to justice, which suggests that the number of prosecutions may not be a good indicator of the level of illegal activity and infringement in this sector

Collective management of copyright is widespread in Argentina, as it has always been considered to be an efficient means of reducing the costs arising from managing copyrights and other rights, including protection, monitoring and collection.

Methodology

To achieve the stated objectives, and fully in line with the methodology proposed by the WIPO Guide, we applied a specific classification of copyright-based industries (CBI) which identifies four types of industries:

1. **Core copyright industries:** These industries are wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works or other protected subject matter. They are classified in nine groups: a) press and literature, b) music, theatrical productions and operas, c) motion pictures and videos, d) radio and television,

e) photography, f) software and databases, g) visual and graphic arts, h) advertising services, i) copyright collective management societies.

2. **Interdependent copyright industries:** These industries are engaged in the production and sale of equipment whose function is, wholly or primarily, to facilitate the creation, production or use of works and other protected subject matter. Examples of these are: production and sale of televisions, radios, CD and DVD players, computers, musical instruments, etc.

3. **Partial copyright industries:** In these industries, a portion of the activity is related to works and other protected subject matter and may involve creation, production and manufacturing, performance, broadcast, communication and exhibition or distribution and sales. For instance: apparel, textiles, footwear, jewelry, furniture and toys.

4. **Non-dedicated support industries:** In these industries, a portion of the activity is related to facilitating the broadcast, communication, distribution or sales of works and other protected subject matter and activities not included in the core copyright industries. These industries include: general wholesale and retailing, general transportation and telephony and internet.

As regards the source of statistical information to estimate value added, employment and foreign trade, the key was the National Accounts System, with its concepts and definitions, but this study has also drawn from other official sources (National Census; Continuing Survey of Households, etc.), private sources (business chambers reports, balance sheets of companies and collecting societies, etc.), own estimates and expert opinion whenever necessary.

In order to reduce the risks of over-estimation, following the methodology set out in the Guide (WIPO, 2003), a copyright factor is assigned to the value added and generated employment, which represents the specific weight of activities protected by copyright in the partially dependent and the non-dedicated support industries. According to the WIPO Guide (2003), the CBIs of core or interdependent industries do not require any adjustment once the gross value added and employment has been estimated, given that they completely depend on copyright and fully contribute to it. On the other hand, the activities included in the groups of partially dependent and non-dedicated support industries have an impact on the total economic activity. However, in this study, and for strictly statistical reasons, because there was no access to the micro data of the economic census and it was necessary to use data published at a higher level of aggregation, it was also necessary to apply correction coefficients in some core and interdependent activities, because the grouping published by the census included activities which were not protected by copyright.

As a result of the above, this study is more conservative than studies from other countries which have also been carried out following the WIPO methodology, as can be seen in the results achieved.

Key Findings

Contribution to GDP

Results for Argentina indicate that CBIs contributed 3.5% of GDP for 2003 and they have increased their contribution to reach 4.7% in 2008, the last year of the present study. The core industries are the main component of CBIs: they represent 70% of the total (3.3% of Argentina's GDP in 2008).

CBIs make a greater contribution to GDP than sectors such as fishing, hotels and restaurants and personal services: they are equivalent to financial intermediation services.

The period considered in this study was a period of significant GDP growth (8% annually). In this context, CBIs' dynamism was even greater than that of the whole economy. In every year of the series, CBIs present growth rates which are greater than those of GDP. This behaviour can be explained by the importance that interdependent activities have acquired.

Among the core industries, one can see that those which make the greater contribution, in terms of value added, are the publishing and printing industries as a whole (approximately 25%), computing services (21%), and television broadcasting services (17% on average).

Among the interdependent copyright industries, the contribution of wholesale appliances, musical instruments and recorded music stands out. Most of these products are imported. With similar characteristics, sales of hardware are next in order of importance.

Architecture services, as in architectonic design projects and not the guidance of construction work, are the most important industry within the partially dependent industries. This industry has shown dynamic behavior during the period, increasing its contribution.

Finally, among the non-dedicated support industries, the industry with the highest contribution is trade followed by transportation.

Table 1: CBI levels and contribution to GDP at basic prices

CBI (Thousands Pesos)	2003	2004	2005	2006	2007	2008
Core	7,142,397	8,758,744	11,536,142	15,408,924	20,465,021	27,672,225
Interdependent	1,974,502	2,427,930	2,923,947	3,443,986	4,051,792	5,058,976
Partial	1,330,236	1,813,422	2,369,351	3,068,877	3,922,670	5,150,352
Support	808,344	932,695	1,086,392	1,274,488	1,559,065	1,914,790
TOTAL	**11,255,479**	**13,932,791**	**17,915,832**	**23,196,275**	**29,998,548**	**39,796,342**
CBI (% of GVA)	2003	2004	2005	2006	2007	2008
Core	2.2%	2.3%	2.6%	2.8%	3.1%	3.3%
Interdependent	0.6%	0.6%	0.7%	0.6%	0.6%	0.6%
Partial	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%
Support	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
TOTAL	**3.5%**	**3.7%**	**4.0%**	**4.3%**	**4.5%**	**4.7%**

Contribution to employment

CBIs present dynamism in the creation of employment, which is higher than the average of the economy. A similar behavior is found for production. While jobs in the whole economy increased by 27%, CBIs' jobs grew by 44% in the period covered in the study, the core industries being the most conspicuous with an increase of 48%.

CBIs increased their contribution from 2.7% of total jobs to 3% in 2008. Jobs in the core industries represent 66% of CBIs' jobs.

Table 2: Jobs by type of CBI (in thousands and %)

CBI	2003	2004	2005	2006	2007	2008
Core	243	278	302	313	335	361
Interdependent	46	49	51	54	56	60
Partial	57	62	66	72	75	81
Support	23	25	25	27	28	30
TOTAL	**369**	**414**	**444**	**466**	**494**	**532**
CBI	2003	2004	2005	2006	2007	2008
Core	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%
Interdependent	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Partial	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
Support	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
TOTAL	**2.7%**	**2.8%**	**2.8%**	**2.8%**	**2.9%**	**3.0%**

CBIs' contribution to value added and employment

Among core CBI, the most notable contribution to value added and employment was from subgroup 1 (press and literature), followed by 6 (software and databases) and 4 (radio and television). the press and literature subgroup contributed 32.2% and 28% of the VA for the years 2003 and 2008 respectively. For the same periods, software contributed 25.6% and 30.7% and the radio and television subgroup 23.3% and 19.4%. As regards employment, press and literature totaled 28.5% and 26.9% in 2003 and 2008 respectively; software and databases 21% and 23%, and radio and television 13.1% and 13.8% respectively.

Within the interdependent CBIs the contribution of subgroup 1 (TV sets, radios, etc.) can be highlighted, as it contributed with 38.9% and 42.2% of the VA in 2003 and 2008 respectively. As regards employment, the subgroup contributed with 35.7% and 38% for the same years. Next in order of importance was subgroup 2 (computers and equipment) in terms of VA, but not in terms of employment where the second place was taken by subgroup 7 (paper).

As for partial CBIs, the contribution and behavior of subgroup 8 (architecture, engineering, surveying) stands out. This sector contributed 28% of value added in 2003 and increased to 39% in 2008. Employment also reflects this growth, going from 29% to 33% in the period.

Contribution to foreign trade

In contrast to the goods trade balance, the services balance is in surplus. Within services, the growth of computer and information services, advertising and audio-visual services stands out, considerably above their imports. Export services grew during the period (from beginning to end) by 417% while imports grew by 153%. Therefore we can conclude that Argentina is a net exporter of services related to the copyright-based industries.

CBI exports represent a small proportion of total exports, only 0.6%.The interdependent industries are the most important ones in terms of exports, participating on average with 55% to 59%. The most important industry in this type is paper manufacturing.

In the case of imports, CBI are around 6% to 8% of total imports, the most relevant being those of the interdependent industries with a contribution of 90% to total CBI imports, basically made up of imports of computers and computing equipment.

Sectoral and market aspects

For a summary description of some industries related to copyright and based on available information, the areas selected are the book industry, phonograms, films, software, radio and television.

The study shows that, in general, those industries operate under competitive conditions because they concern activities that are based on ongoing creative process, unpredictable, and without significant barriers to entry, even dealing with mature markets.

Adittionally, these sectors face technological innovations that have an impact on their production and distribution process, bringing more competition into the markets and creating new business opportunities (electronic books, phonogram digital distribution, demand for services associated with information technologies, etc.). These innovations drive forward the sectors' economic activity and promote new jobs, which in general require qualified skills or non-traditional ones (for example, software or visual arts).

The dynamics of these markets have been affected by the macroeconomic dynamic described above, levered by sectoral policies that strongly stimulate the activity of some of them, such as films and software. In the cases of radio and television, there have been changes in the regulatory framework since the approval of a new law; although it is not yet fully evident, it is expected to have an impact on them.

General conclusions of the study

The CBIs have performed better than the average of Argentina's economy and the result of the survey is to highlight their ability to generate value added and employment and their contribution to the generation of foreign exchange.

The high receptivity of these industries to technological change, coupled with their engagement of human capital, makes them competitive and important sectors with respect to the generation of a pattern of long-term growth, social inclusion and international integration for Argentina.

The competitiveness and growth of CBIs' contribution to the national economy depend on several factors, such as: factor endowments, primarily human capital; entrepreneurship capabilities of businessmen; regulatory frameworks; and mechanisms and activities promoting a proper climate for risk investment in a sector characterized by an increasing degree of internationalization. Therefore, although the copyright-based sector has the basic conditions for growth, it requires an adequate and sustainable complementarity between the public and private sectors in order to realize its potential and maintain its increasing contribution to value added, employment and foreign exchange.

The observed importance and potential of the CBI sector in Argentina leads to the recommendation that the country should operate by itself, or as a result of international agreements, all the procedures necessary to supply detailed, reliable and updated statistics. The availability of such statistics would enable quantitative investigations relating to these industries and the ongoing monitoring of their dynamics over time, and consequently facilitate the design and implementation of appropriate public policies for the economic and social development of the country.

INTRODUCTION

Industries related to copyright and related rights have considerable impact on a country's economy. For this reason, many countries have initiated studies seeking to estimate the contribution of these industries to the Gross Domestic Product (GDP), employment and foreign trade.

In 2003, the World Intellectual Property Organization (WIPO) published the 'WIPO Guide on Surveying the Economic Contribution of the Copyright-based Industries, to provide an appropriate methodology for estimating the contribution of these industries to an economy and allowing comparative analysis worldwide.

This study follows the methodological guidelines of that Guide and was conducted under the auspices of and with funding from WIPO following a request from the government of the Argentine Republic. The request was made in order to contribute to the implementation of public policies for the promotion of copyright-based industries with a study that would providefundamental economic evidence and, thus, increase awareness and public policy relevance of the topic and of the great potential of the sector for national development.

The objectives of the study are:

(a) To quantify the economic contribution of copyright-related industries by estimating their value added in terms of GDP, share of employment and foreign trade

(b) To analyze a set of key copyright-related industries, their institutional framework, their structure and the support received from other sectors, including the role of collecting societies, and other significant issues for understanding their operation and immediate perspective.

(c) To conduct a comparative analysis of the main results achieved by comparable studies conducted in other countries.

(d) To propose recommendations and sectoral public policies that can promote the growth and development of this economic sector

To achieve these objectives, and in full accordance with the Guide, we applied a specific classification of copyright-related industries which identifies four types of industry: i) primarily dependent copyright (core industries) ii) interdependent industries, iii) partially dependent copyright industries, and iv) non-dedicated supporting industries.

As regards sources of statistical information for estimates of value added, employment and foreign trade, the key source was the National Accounts System, with its concepts and definitions, although other official sources (National Census, Household Survey, etc.) have been used, as well as private sources (business chambers reports, balance sheets of companies and collecting societies, etc.) and own estimates and expert opinion whenever necessary.

The study was conducted between May 2012 and June 2013 under the supervision of the International Bureau of WIPO, and in particular, the Section of Creative Industries, Cultural and Creative Industries Sector, and the Copyright Office of Argentina under the Ministry of Justice.

In terms of its structure, the study includes a first chapter which examines the legal and institutional framework for copyright in Argentina. The following chapter shows the main results of previous studies on these industries, as well as the differences between the methodologies applied in those cases and the present study.

The third chapter explains the methodological aspects related to the estimate of added value, employment and foreign trade applied in the study. This study offers new features, besides the copyright factors applied to partially dependent and non-dedicated support industries, incorporating statistical correction coefficients for some interdependent industries. It also makes a correction for thenon-observed economy, given the high degree of informality of some activities in the country and the under-reporting to the tax authority of some firms.

In subsequent chapters (4 to 6), the results of estimation of CBIs' value added, employment and foreign trade are presented.

Results for Argentina indicate that CBIs contributed 3.5% of GDP for 2003 and that they increased their participation to reach 4.7% in 2008, the last year of the present study. The core industries are the main component of CBIs: they represent 70% of the total (3.3% of Argentina's GDP in 2008).

The period considered in this study is one of significant GDP growth because there was an important recovery of the Argentinian economy at the time. It followed the deep economic crisis which began in mid-1998 with the Brazilian devaluation and the Russian crisis, and which ended up as the worst economic and social crisis suffered by the country since 1930. In this context, GDP grew at an annual accumulated rate of 8%. CBIs' dynamism was even greater than that of the whole economy. In every year of the series, CBIs present growth rates that are greater than those of GDP. This behaviour can be explained by the importance that interdependent activities have acquired.

In relation to employment generated by CBIs, growth is also significant. While jobs in the whole economy increased by 27% in the period under study, CBIs' employment grew by 44%, the core industries being the ones which stood out with an increase of 48%.

CBIs contributed 2.7% of employment in 2003, while in 2008 the contribution was 3%. Core industries were the ones with the greater participation, representing 66% of total employment in CBIs.

For a more comprehensive and synthetic vision, the study will emphasize the contribution to the value added and the employment of each subsector in each type of industry.

Among core CBIs, the most notable contribution to value added and employment was that of subgroup 1 (press and literature), followed by 6 (software and databases) and 4 (radio and television). The press and literature subgroup contributed 32.2% and 28% of the va for the years 2003 and 2008 respectively. For the same periods, software contributed 25.6% and 30.7% and the radio and television subgroup 23.3% and 19.4%. As regards employment, press and literature totaled 28.5% and 26.9% in 2003 and 2008 respectively; software and databases 21% and 23%, and radio and television 13.1% and 13.8% respectively.

Within the interdependent CBIs, the highlight was the contribution of subgroup 1 (TV sets, radios, etc.) which provided 38.9% and 42.2% of the VA 2003 and 2008 respectively. As regards employment, the subgroup contributed 35.7% and 38% for the same years. Next in order of importance was subgroup 2 (computers and equipment) in terms of VA, but not in terms of employment where the second place was taken by subgroup 7 (paper).

As for partial CBIs, the outstanding contribution was that of subgroup 8 (architecture, engineering, surveying). This sector contributed 28% of value added in 2003, increasing to 39% in 2008. Employment also reflected this growth, expanding from 29% to 33% in the period.

In relation to foreign trade, though the goods trade balance of CBIs presents a deficit, one must highlight the growth of services exports. The growth of exports of computing and information services, as well as advertising and audiovisual services, stands out. These sectors' exports are considerably higher than their imports. Services exports grew from beginning to end of the period by 417%, while imports grew by 153%. Likewise, over the whole period, Argentina was a net exporter of services related to CBIs.

These chapters also present a comparative analysis of the national economy by ISIC Tabulation Category. CBIs have greater contribution to GDP than sectors such as fishing, hotels and restaurants and personal services. Their contribution is equivalent to that of financial intermediation services.

Chapter 7 compares the contribution of CBIs to GDP and employment in Argentina with that of other countries where similar studies have been carried out. Argentina is in the group of countries with high labor productivity in the CBIs; this is reasonable given the relative indicators of value added and employment.

Even though the WIPO methodology has been used in this study, the statistical treatment applied in this document has been carried out with more precision (for instance, the use of statistical correction coefficients for the core and interdependent activities) than the ones used in other country studies, in an attempt to measure specifically the weight of those activities directly protected by copyright. This results in a conservative estimation of the participation of CBI in GDP and employment.

Chapter 8 is a brief summary of the main features of selected industries or sectors related to copyright: books, music, films, software, radio, television and collecting societies.

The final chapter offers conclusions and recommendations. The high receptivity of these industries to technological change, coupled with their engagement of human capital, makes them competitive and important sectors with respect to the generation of a pattern of long-term growth, social inclusion and international integration for Argentina.

The aforementioned competitiveness and growth of CBIs' contribution to the national economy depend on several factors, such as: factor endowments, primarily human capital; entrepreneurship capabilities of businessmen; regulatory frameworks; mechanisms and activities promoting a proper climate for risk investments in a sector characterized by an increasing degree of internationalization. Therefore, although the CBI sector is basically in a good position for growth, it requires an adequate and sustainable complementarity between the public and private sectors in order to realize its potential and maintain its increasing contribution to value added, employment and foreign exchange.

The observed importance and potential of the CBIs in Argentina leads to the recommendation that the country should implement the procedures necessary to provide detailed, reliable and updated statistics. The availability of such statistics would enable quantitative investigations relating to these industries and the ongoing monitoring of their dynamics over time and consequently facilitate the design and implementation of appropriate public policies for the economic and social development of the country.

The study also includes supplementary information in several Annexes: a list of the people interviewed (Annex 1); the detail of the Argentine legal framework (Annex 2); the list of industries protected by copyright for Argentina according to ISIC used in the CNE (Annex 3); Argentine exports by category, in millions of US dollars, between 2003 and 2008 (Annex 4); and the Strategic Plan 2020 of the software industry (Annex 5).

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1. BACKGROUND OF THE LEGAL AND INSTITUTIONAL FRAMEWORK OF COPYRIGHT IN ARGENTINA[1]

Copyright comprises the intellectual property rights that protect authors and can be defined as a set of rules governing the moral and patrimonial rights of authors and other owners over the scientific, literary and artistic productions defined by law which are the result of their creative and physical activity.

In the same way as the Universal Declaration of Human Rights did in 1948, the Argentine Constitution highlights copyright as a human right, requiring protection as an essential dimension of persons, an aspect covered by the national legislation to the present day.

The Constitution of the Argentine Nation protects the rights of intellectual property, including the copyright in the second part of section 17, by which these rights have a constitutional status, similar to other property rights also covered in this section.

It also distinguishes between copyright and rights related to industrial property, which include patents, trademarks and trade names, and industrial designs. Copyright includes all writings; dramatic works; musical compositions; drawings, paintings and sculptures; printed materials, plans and maps; portrait photographs and letters; software and databases; phonograms; videograms; multimedia works and websites.

Copyright in Argentina is based on the concept of 'originality', while the concepts of 'novelty' and 'distinctiveness' apply to patent rights and trademarks, respectively. Also, unlike the laws in other countries, software (computer programs) is covered by authors' rights and not by patent rights. Other key elements of these rights in the country is that they protect the work but not the idea (confirmed by Act 25,036 of 1998, section 1); this protection lasts for the life of the author, and for 70 years after the author's death for beneficiaries with an international reach. Finally, as already mentioned, unlike copyright in other countries, it encompasses both moral and economic rights of authors. While the latter have a limited duration, the former are of unlimited duration.

Copyright Act No. 11,723 of 1933 (which replaced Act No. 7092 of 1910, the first legal text of protection), is the current basic legal framework of Argentina, and is fully consistent with section 2312 of the Civil Code on the recognition of the intangible goods and assets of a person. Decree 41,333 (1934) established regulations under Act 11,723, which was also amended and updated by successive laws and other regulations that gave it a long life.

The constitutional reform of 1994 also states that international treaties signed and ratified by an act of Congress enjoy constitutional status, thus taking precedence over national laws. Argentina has approved in Congress several international treaties: the Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971), by Act No. 25,140; the Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, or Rome Convention, by Act No. 23,921; the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), by Act No. 24,425;and the 1996 Treaties of the World Intellectual Property Organization (WIPO), known as the internet Treaties, by Act No. 25,140. The accession to international treaties and conventions by national legislation of the Argentine Republic also meant the reform of existing legislation, including Act No. 11,723 and its amendments and regulations in force at the date of each accession.

In addition to the above on the international agreements as part of national legislation, one of the last amendments to Act No. 11,723 is Act No. 23,741 of 1989, which modified the concept of 'phonographic discs' to 'phonograms', and Act No. 25,036 of 1998, known as the 'Software Act', which added this dimension of intellectual expression to the protection of authors' rights.

In short, Argentina has an individual legal framework that, although old, has been regularly updated to integrate changes produced by technological advances, the emergence of new formats and media and the

[1] In this section we follow Fernández Delpech (2011), Lipszyc (1993), the notes of interviews included in Annex 1, legislation included in Annex2, and the website of the Directorate General of Copyright of the National Ministry of Justice (<http://www.jus.gob.ar/derecho-de-autor.aspx>; accessed 1 May 2013).

recognition of rights for other actors of the industry, among other innovations. Additionally, the Argentine regulatory system recognizes international agreements in this area, and the country has adhered to many such agreements.

1.1 Institutional aspects of copyright protection

1.1.1 *Registration and deposit of Act No. 11,723*

Although the Argentine Republic acceded to the Berne Convention, stipulating noformalities or administrative proceedings for the protection of works, Act No. 11,723, ss. 57-64 sets out the procedure (as in other countries) for registration and deposit of works in order to establish rights on nationalpublished works. For foreign works, it is required that the author has fulfilled the formalities of the laws of the country of origin of the publication (principle of reciprocity). An unpublished work can be registered and deposited as such, which confers presumption of authorship in case of dispute. The obligation of registration and deposit of national published works rests on the publisher; this was regulated by Decree No. 16,697/59.

It is clear that the regulation appears to discriminate in favor of foreign published work, which does not need this step, and, in the light of international recommendations, it is somewhat anachronistic, despite the convenience that such registration and deposit may provide in a court dispute.

It should be made clear that these registry issues relate only to the economic rights of nationally published works, not including the moral right on those works, which arise from the author's creative act and are not subject to any administrative legal requirement.

Act No. 11,723 ss. 57-64 and Decree No. 41,233/34 regulate the aforementioned registration and deposit of works, which are made at the National Register of Intellectual Property and maintained by the National Directorate of Copyright (DNDA, Dirección Nacional del Derecho de Autor), an agency under the National Ministry of Justice. The registration and deposit regulations have been updated to the present day by successive amendments. As a result of an agreement between the national government and the Chamber of Software and Services Companies (CESSI), the latter became a DNDA cooperator agency for the purpose of delivery of the relevant forms, with the registration of such products by the National Directorate.

According to current regulations, the DNDA registers the following unpublished or published works: films, musical compositions, compilations, choreography, drawings, writings (books, brochures, etc.), sculptures, phonograms, photographs, maps, multimedia, architectural works, dramatic works, pantomimes, paintings, plans, radio programs, television programs, periodicals, software, videograms. Also, the Directorate registers the contracts dealing with these works.

According to the DNDA, the benefits of its registration systems are the following:[2]

- Certainty: the registered work acquires, by the administrative act that accepts it, the certainty of its existence on a certain date, of its title, author, translator and content. In the case of a contract, certainty of date, content and contracting parties.
- Proof of authorship: provides a presumption of authorship granted by the State, with a certified date of registration.
- Basis for comparison: the register is a basis for comparison in alleged plagiarism and piracy. In this case, the deposited copy is submitted to the judiciary for assessment.
- Protection of bona fide user: the author of the work is presumed to be the one who appears as such in the certificate of registration, in the absence of proof to the contrary. The editors or producers who published works according to the documents held by this Directorate General would be exempt from criminal liability in the event that the real authors appeared and claimed their rights.

[2] Although we point out that DNDA records are extremely useful, as not all owners use the Register and behaviour differs among sectors, they are not a good proxy for studying the evolution of activity in copyright-protected sectors or of other variables that are examined in this report.

– Publicity of the registered works and contracts: the main function of a register is to make its contents public. The information benefits all those interested in supporting their rights against third parties and those looking to ensure viability and legitimacy in procurement.

1.1.2 *Collective management of copyright*

Collective management of copyright is widespread in Argentina because it allows cost reductions in the management of the rights of authors and other rights owners.

Although the 1933 Act made no provision for it, in 1936 the first collecting society (CS) was organized, the Argentine Society of Music Authors and Composers (SADAIC, Sociedad Argentina de Autores y Compositores de Música). Its purpose was to collect copyright from the public reproduction of musical works included in its repertoire. This CS was granted legal recognition by Act No. 17,648 (Regulatory Decree No. 5146/69) as a private, cultural non-profit association, with exclusive management rights of creators of music, both national and foreign.

In the case of literary and dramatic authors (writers, screenwriters, scriptwriters for radio and television, etc.), the collection of rights is managed by the General Society of Authors of Argentina (Argentores, Sociedad General de Autores de la Argentina) created by Act No. 20,115 in 1973.

By Decree No. 1771/74, the Argentine Association of Performers (AADI, Asociación Argentina de Intérpretes) manages the representation of musical performers, while the Argentine Chamber of Phonogram and videogram producersPhonogram and videogram producers (CAPIF, Cámara Argentina de Productores de Fonogramas y Videogramas) carries out a similar function regarding phonogram producers, In 1975, a single collecting body was established for both of them: the AADI-CAPIF (Decrees No. 1670 and No. 1671/74).

The Society of Argentine Visual Artists (SAVA, Sociedad de Artistas Visuales Argentinos) is the CS responsible for the collective management of authors' rights on visual works (photographers, painters, sculptors, cartoonists, etc.).

For its part, the Center for Reproduction Rights Management (CADRA, Centro de Administración de Derechos Reprográficos) is a non-profit association focused on the defence of copyright against the phenomenon of reprography and collects fees for that activity, representing authors and publishers of books and periodicals. This CS does not have exclusivity in the management of these rights, but in fact is the only institution acting in the matter.

Finally, in the audio-visual industry, the purpose of the Argentine Society for Management of Performing Actors (SAGAI, Sociedad Argentina de Gestión de Actores Intérpretes), established by Decree 1914/2006, is the management of intellectual property rights of artists in this industry (actors, dancers, voice actors). Argentine Film Directors (DAC, Directores Argentinos Cinematográficos) is a CS set up in 1958, but it was not until 1999 when, by Decree No. 124/09, it was recognized as the only representative body for collection and distribution of copyright of national and foreign directors of films and audio-visual works throughout the territory of the Argentine Republic.[3]

1.2 Copyright in the courts of law

While copyright owners can bring legal actions before an ordinary (province) or federal court for actions deemed to be a violation of their economic and moral rights, the fact is that the identified degree of conflict is relatively low, and very few cases are brought to court.

The Argentine Republic does not have specific subject matter courts, nor an administrative court for conflict resolution between parties.[4] Ordinary civil and commercial courts and ordinary correctional courts have jurisdiction over this subject matter.

The usual practice for the exercise of these rights in the Argentine Republic has been basically the negotiation of out-of-court settlements between parties. As with other intellectual property rights, the existence of

[3] For further aspects on CSs, see Chapter 8.
[4] As already mentioned, existing legislation does not assign this kind of functions to the Directorate General of Copyright.

disputes in the courts has generated case law in cases where legislation was not sufficiently clear to solve disputes between the parties without an independent third party, and in the few cases in which the out-of-court settlements failed and the transaction costs for the involved agents were economically convenient.

With regard to piracy, on the one hand, the fact that few cases have been brought to justice indicates that number of prosecutions is not a good basis for studying the level of illegal activity and infringement in this sector. On the other hand, there are no official statistics, nor are they sufficiently reliable, to enable a relatively accurate analysis of the degree of copyright piracy, although the interviews, the indirect sources and partial studies suggest that the infringement level is generally high, while it varies greatly between sectors.

2. BACKGROUND ON STUDIES ABOUT ACTIVITIES PROTECTED BY COPYRIGHT IN ARGENTINA

This section specifies the objectives, methodology and results of previous studies on the economic importance of activities protected by copyright in Argentina. It is worth mentioning that the methodologies used in the previous studies differ from the method applied in this research. However, regardless of the methodological issues, they are given as valid background for the ongoing research.

Previous works identified that addressed this issue in Argentina were:

1. Study on the Economic Importance of Industries and Activities Protected by Copyright and Related Rights in the Mercosur Countries and Chile (WIPO – UN Campinhas, 2001)
2. Cuenta Satélite de Cultura en la Argentina. Aspectos metodológicos para su construcción [Cultural Satellite Account in Argentina. Methodological aspects for its elaboration] (National Secretariat of Culture and National Statistics and Census Institute [INDEC], 2012).

The following is a summary of the results of these works and their methodological considerations.

2.1 Study on the Economic Importance of Industries and Activities Protected by Copyright and Related Rights in the Mercosur Countries and Chile (WIPO – UN Campinhas)

2.1.1 *Introduction*

The main objective of this study is to outline and assess from an economic perspective the major copyright-related economic sectors and activities in the Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay) and Chile.

To that purpose, the share of such activities in the Gross Domestic Product (GDP) of these countries was calculated, taking as a basis the estimated value added of the economic activities of certain selected industries, the number of persons involved (jobs created) and these industries' foreign trade. Aspects concerning the market structure applying to those industries deemed to be key industries in the Mercosur and Chile were also examined. Also, and at the institutional level, the major institutions responsible for protecting and administering copyright regulations were identified and examined, together with the relevant legislation in the countries.

2.1.2 *Methodology*

This study is based on the methodology used by Siwek and Mosteller (1999), which was adapted by Carvalho (2000) for the purposes of this study.[5]

Specifically, the sectors were identified at the most disaggregated level (four digits), enabling for assessment based on the data available for each country and the way in which they were collected. This guaranteed a minimum level of consistency in the data, while it allowed more flexibility as regards available sources of data, such as economic censuses, annual sector performance studies (industry, trade, services) and foreign trade databases for countries in the region.

In order to classify copyright-related economic activities, this study distinguishes four groups, namely:

[5] In Carvalho's Technical Methodology Note (2000), a link was established between the proposal of Siwek & Mosteller (1999) and the National Classification of Economic Activities (CNAE) of the Brazilian Institute for Geography and Statistics (IBGE, 1997), which adopted all the United Nations recommendations and the classification of the 'International Standard Industrial Classification (ISIC), third revision (Rev.3), put forward by the United Nations as a harmonisation tool in the compilation and dissemination of economic statistics at the international level' (IBGE, 1997:8). The advantage of this system is that it allows the previous classification system to be converted, using conversion tables. It should be noted, however, that this system approaches economic activity from the perspective of value added through the production of goods and services.

– **The first group** (*core*) is the essence of copyright industries. These are activities that create products or works primarily protected by copyright. The major branches and products are: newspapers and magazines, publishing of books and related industries, radio and television, cable television, discs and tapes, plays, advertising, computer programs (software) and data processing. For each of the activities, the relationship may vary: some are more closely related to the creation, production and dissemination of new protected material (e.g. phonographic and publishing industries), whereas others concern the creation of protected material and its application (e.g. production of software and industrial or commercial use).

– **The second group** comprises industries partly covered by copyright. It encompasses a broad range of activities such as manufacturing, business practices, architecture and design, *inter alia*.

– **The third group** concerns distribution. This covers the transport of goods, bookshops, record stores and other forms of wholesale or retail distribution of products protected by copyright.

– **The fourth group** can be called copyright-based support industries. It comprises production and technical assistance involving equipment used solely with copyright-protected material. This category includes, for example, computers, radio and television equipment, and other listening or recording equipment.

The economic variables or indicators used to measure economic importance were:

i. Share of GDP

ii. Employment

iii. Foreign trade

The share of GDP was calculated on the basis of estimates of value added for each category of activity identified under the headings proposed by Carvalho (2000). For the number of people employed, the sources of information might vary according to the availability of data in each country: some studies used different sources such as censuses or sectoral performance studies. Nevertheless, the use of identical sources when estimating value added and numbers employed becomes an essential factor in avoiding inconsistencies caused by using different data collection methods. Foreign trade was assessed in terms of the share of each category, as selected and classified for the data on GDP and numbers employed.

2.1.3 *Results regarding Argentina*

2.1.3.1 *Contribution to Gross Domestic Product*

In Argentina, the total value added generated by industries protected by copyright and related rights amounted to ARS 11,257 million in 1993. Distribution activities accounted for the largest share (62%). The core industries followed, with a share of 25%. Partly-related industries provided 9% of the value added and, lastly, related industries represented 3% of total value added

The share of the distribution subsector was over-estimated because the activities covered in the census were not broken down.[6] If telephone communications services, etc., and the activities of business, professional and other organizations are excluded from the distribution sector, industries protected by copyright and related rights generated a GVA of around ARS 7 billion and the core industries represented some 40% of this GVA, equal to the distribution subsector. Partly-related industries generated some 15% and related industries around 5%.

It is interesting to analyze the contribution to GVA for the categories in each subsector. The most important activities in the core industries were: the publication of newspapers, magazines and periodicals (24.8%), followed by radio and television activities (18.3%), advertising (13.5%) and the so-called data processing and related activities sector (12.3%). At the same time, more traditional cultural activities made a much smaller

[6] For certain branches of activity such as 'telephone, telegraph and telex communications services' and 'activities of business, professional, trade union, religious, political and other organizations', for example, it was not possible to distinguish the share of the headings corresponding to the distribution of copyright-protected material from other types of activity.

contribution to the GVA of this subsector, accounting for a total figure of less than 20%[7] with a share in the economy's GDP of less than 0.3%.

In copyright-based industries, around 70% of the value added was provided by the manufacture of radio and television sets, sound and video recording and reproduction equipment, and related products. The manufacture of office, accounting and data processing equipment provided 20% of the GVA in this subsector and the manufacture of optical instruments and photographic equipment accounted for around 9%.

Lastly, in the partly-related industries, printing accounted for over 50% of the value added.

2.1.3.2 *Contribution to Employment*

The share of industries protected by copyright and related rights in employment had increased substantially, from 2.4% in 1985 to 5.3% in 1994.[8] This increase was mainly due to the distribution subsector, which increased its share of employment fivefold, whereas the core industries remained virtually at the same level, as did the other subsectors.[9]

If the two distribution subsectors responsible for the over-valuation of the share of copyright industries are excluded, the size of the increase in the share of industries protected by copyright and related rights in total economic employment between 1985 and 1994 is significantly modified, from 2.4% to 3.5%. It can therefore be stated that these industries contributed more than the average economic sector to the generation of jobs during the period under review.

In 1994, of the 508,000 jobs in industries protected by copyright and related rights, over 65% were in the distribution subsector; the core industries, on the other hand, accounted for 23% of jobs and partly-related industries for 10%. Related industries barely reached the figure of 2%. If telephone communications services, etc., and the activities of business and political organizations are excluded, the distribution sector's share was 45% of the jobs generated by industries protected by copyright and related rights, and the figure for core industries was 35%. The distribution subsector showed relatively higher growth than the core industries between 1985 and 1994.

In the distribution subsector, in 1994 over 70% of the jobs were generated by three categories: activities of business, professional, trade union, religious, political and other organizations (42%), telephone, telegraph and telex communications services (11.1%), and retail sale of equipment, articles, furniture and household appliances (17.4%). Even if the categories that led to an over-estimation of these industries' share of the economy are excluded, the relative share of retail sale of books, reviews, newspapers, etc. still showed a noticeable decrease, from 50 to 27%.

In related industries, the manufacture of radio and television sets, sound and video recording and reproduction equipment and related products accounted for over 61% of the jobs in this subsector in 1994. Lastly, in 1985 and 1994, in the partly-related industries, around 90% of the jobs in this subsector were in printing and binding activities, technical and architectural services.

2.1.3.3 *Contribution to Foreign Trade*

The analysis of the trend in foreign trade for industries protected by copyright and related rights during the period 1995-1999 covers goods produced by the core industries and related industries.

Firstly, industries protected by copyright and related rights had a negative impact on the trade balance in both goods and real services, with the latter's trade deficit doubling between 1995 and 1999.

[7] This subgroup includes, for example, activities such as the publishing of books, pamphlets, scores and other publications (3.7% of the GVA of the core industries), production and distribution of films and video tapes (3.3%), musical and theatrical activities (2.1%) and publication of recordings (1.5%).

[8] For employment, information is also available for 1985, although it concerns the total number of persons employed.

[9] There are two reasons for the increase in the distribution subsector's share. Firstly, the 1985 census did not include telecommunications services. Secondly, there is no breakdown of the figures in the category 'activities of business, professional, trade union, religious, political and other organizations'.

In the services sector, a large part of the deficit was due to personal, cultural and leisure services. The negative balance in royalties doubled during this period, mainly due to payments going abroad, which rose from USD 25 million in 1995 to USD 52 million in 1999.

Secondly, Argentina had a marked deficit in all categories of the royalties account. The majority of the royalties debit was due to technical assistance licenses. Throughout the 1990s, the payment of royalties abroad for music rights and licenses for audio-visual works rose sharply, whereas payments for other licenses remained relatively stable. In the case of copyright, the majority of the deficit was caused by payment for foreign music, which considerably exceeded the amount of royalties received by local musicians. In the same way, royalties for music were responsible for a larger number of transactions than those for books and publications, which showed a more stable balance. Also, the amount received for video and film licenses was minimal compared to the increasing outflow of royalties under this heading.

Concerning foreign trade in goods, industries protected by copyright and related rights generated a trade deficit during the period under review, amounting to an average of almost USD 2 billion per year. Although the Argentine economy also showed a deficit, it was much smaller, an average of around USD 390 million per year (FOB prices), one-fifth of the average deficit generated annually by the cultural industries. These industries were therefore responsible for a greater share of the country's trade deficit than other sectors.

The core industries accounted for around 66% of the total exports of industries protected by copyright and related rights, and approximately 14% of imports, but in any case they recorded a deficit. Related industries, however, showed a much larger deficit – over USD 1,800 million against USD 175 million for the core industries. The share of these industries in Argentina's total exports was 1%, but their share of imports on average amounted to 9% during the period under review.

2.2 Cultural Satellite Account in Argentina

2.2.1 *Methodology*

Satellite Accounts (SA) represent the link between the central framework of the National Accounts and the information system of each specific sector under review. The methodology used allows drawing up a list of strictly cultural products and activities, considering those goods and services whose essence is to 'create, express, interpret, preserve and transmit symbolic content' (NAS, 1999). In turn, although different phases or stages are considered according to the creation of symbolic content, their expression and interpretation, and the production of goods or services that communicate them, the goods and services or activities considered in each of them must have as their end and essence 'to generate symbolic processing'.

The first economic measurements of culture in Argentina[10] were based on the estimation of GVA and employment generated by some industries considered, *a priori*, as cultural. This selection was not made as a result of the determination of typically cultural products, but on the assumption that they were the main product of those activities. The information gathered goes from the activities to the products, contrary to the path recommended by the adopted methodology handbook, WIPO (2003). This process is explained in detail in the next section.

In a second stage, measurements followed the guidelines proposed by the Andrés Bello Convention, according to which activities are determined by products. This was achieved after reconciling the methodology used and the information available from the National Directorate of National Accounts (DNCN, Dirección Nacional de Cuentas Nacionales). Firstly, cultural goods and services were defined, which then led to obtaininginformation about cultural foreign trade, domestic supply, and intermediate and final demands in the relevant industries.

[10]In 2006, the National Secretariat of Culture began a process of compilation of statistical information about culture, which derived from a clear need of an information system able to measure the economic impact of culture. This led to the development of a Cultural Satellite Account (CSA), structured around concepts, definitions, classifications and accounting rules of the System of National Accounts (SNA), which gives acceptance and reliability as they are used by most countries to measure their economies. The first provisional results were obtained in late 2008.

2.2.2 *Measurements*

Cultural gross value added (GVA)

To estimate the GVA, data available from the INDEC was used for the calculation of Gross Domestic Product (GDP) at market value (mv). Production values (GPV) and intermediate consumption (IC) data were compiled on selected industries, and the value added was determined by cultural activity as the difference between the aforementioned variables.

Table 3: Estimated GVA in the Cultural Satellite Account

Cultural gross value added at current prices for producers, in thousands of pesos. Years 2004-2011 Annual values (thousands of de pesos, at current prices)								
Year	2004	2005	2006	2007	2008	2009	2010	2011
Gross production value at constant prices for producers (GPV pp)	19,143,043	25,370,861	33,658,406	42,842,513	57,340,564	66,765,207	80,881,935	99,419,351
Cultural intermediate consumption at purchaser price (ICpp)	10,380,181	13,363,210	17,327,280	21,221,806	27,703,478	30,886,067	36,765,904	42,470,706
Cultural gross value added at producer prices (GVA pp)	8,762,862	12,007,651	16,331,1236	21,620,707	29,637,086	35,879,141	44,116,031	56,678,645
Gross value added at producer prices (GVA pp) total economy	412,306,441	489,786,128	600,255,965	740,316,182	939,505,629	1,046,915,428	1,311,074,946	1,670,095,979
Cultural GVA pp/ GVA pp total economy	**2.13%**	**2.45%**	**2.72%**	**2.92%**	**3.15%**	**3.43%**	**3.36%**	**3.39%**

Source: INDEC

Cultural gross value added at current prices for producers, in thousands of pesos. Years 2004-2011 Annual values (thousands of de pesos, at current prices)								
Year	2004	2005	2006	2007	2008	2009	2010	2011
Gross production value at constant prices for producers (GPV pp)	12,265,4147	14,319,178	16,699,753	18,813,925	21,994,597	23,271,450	25,045,621	27,234,53
Cultural intermediate consumption at purchaser price (ICpp)	5,829,058	6,632,379	8,202,779	8,329,166	9,606,486	10,239,505	10,602,422	11,207,140
Cultural gross value added at producer prices (GVA pp)	6,436,360	7,686,800	8,496,974	10,484,760	12,388,111	13,031,945	14,443,200	16,027,812
Gross value added at producer prices (GVA pp) total economy	260,171,777	282,773,966	305,906,177	331,362,606	352,139,412	355,709,190	386,637,204	418,877,107
Cultural GVA pp/ GVA pp total economy	**2.47%**	**2.72%**	**2.78%**	**3.16%**	**3.52%**	**3.66%**	**3.74%**	**3.83%**

Source: INDEC

The authors of the document acknowledge that these first measurements derived from a statistical system not fully adapted for the CSA, hence only an approximate estimate of cultural value added was possible, for the following reasons:

- Partial coverage of the cultural activities considered. From all the economic activities defined as cultural by the reference methodology, only some were considered according to the availability of information, particularly with reference to their level of disaggregation.
- An over-representation of the cultural products considered. The cultural value added obtained from the estimates made from the activities arises, not only from the characteristic cultural goods and services, but also from products that may not even be cultural.
- Distance to the base year. The information resulting from the estimates at constant prices should be taken with caution. The reason is that the distance from the reference year may generate some bias, which arises from the impossibility of perceiving changes in the relationship between intermediate consumption and the production value or structural changes.

Cultural Employment

A cultural employment calculation was made for the same economic activities considered in the estimates for the cultural GVA, which were also used. The main source of information used for this calculation was the Generation of Income Account (CGI, Cuenta de Generación del Ingreso) of the DNCN, the source of data by economic subsector for:

- number of jobs;
- number of full-time equivalents (FTE); and
- average productivity (AP) as a ratio between the gross production value (GPV) at constant prices for producers (or the GVA, also at constant prices for producers) and the number of jobs.

Cultural employment was estimated, as part of total employment, according to a perspective of supply and demand, because the CGI was developed both from statistics based on household surveys and from statistics based on surveys of companies and recorded data of the Retirement and Pension Integrated System (SIJP, Sistema Integrado de Jubilaciones y Pensiones).

Table 4: Jobs in the cultural sector (Cultural Satellite Account)

	Years 2004-2010						
Year	2004	2005	2006	2007	2008	2009	2010
Jobs in the cultural sector	311,438	354,685	390,304	435,563	471,521	474,753	493,080
Year-top-year variation of cultural jobs	–	13.9%	10.0%	11.6%	8.3%	0.7%	3.9%
Jobs – total economy	14,925,123	15,599,894	16,453,135	17,058,717	17,732,769	17,861,438	18,076,860
Cultural employment/ total employment	–	**2.27%**	**2.37%**	**2.55%**	**2.66%**	**2.66%**	**2.73%**

Source: INDEC

The following were some of the limitations encountered when developing the average productivity (AP):

- Average Productivity (AP) was obtained only at industry level, and was not broken down at the level of component activities, so cultural and non-cultural activities were consequently aggregated.
- Taking the AP of an industry FTE as aggregate, and applying it to various cultural activities that belong to it, implies the assumption that such activities have the same average productivity, whether cultural or non-cultural. The only difference between each activity in the same industry, as to the number of FTE, is in their production values or their values added.

Foreign Trade

As an initial approach to the sector, an analysis was carried out of the information available in the Estimation of the Balance of Payments done by the National Directorate of International Accounts (DNCI, Dirección Nacional de Cuentas Internacionales) of the INDEC. On this basis, a series was developed for foreign trade of goods and services, which in turn could be disaggregated into characteristic and related goods in order to enrich the analysis.

The following tables present the series of exports and imports of goods and services, in millions of US dollars, for the period 2004-2011.

Table 5: Exports and imports of goods and services (Cultural Satellite Account)

FOB exports of cultural goods, in millions of US dollars Years 2004–2011								
Year	2004	2005	2006	2007	2008	2009	2010	2011
Exports of cultural goods	323	362	435	569	482	394	456	423
Characteristic	84	106	120	118	128	102	107	103
Actual related goods	3	3	3	4	5	4	0.05	0.04
Interdependent	196	221	253	263	280	253	312	284
Auxiliary	40	32	59	74	69	35	37	36
Variation in exports – cultural goods	–	12.1%	20.2%	55.5%	5.0%	-18.3%	15.7%	-7.2%
Exports – total economy	34,576	43,387	46,546	55,980	70,019	55,672	68,134	82,131
Variation in exports – total economy	–	16.8%	15.2%	20.3%	25.1%	-20.5%	22.4%	20.54%
Exports – cultural goods/ Exports – total economy	**0.93%**	**0.90%**	**0.93%**	**0.82%**	**0.69%**	**0.71%**	**0.67%**	**0.52%**

Source: INDEC

FOB imports of cultural goods, in millions of US dollars Years 2004–2011								
Year	2004	2005	2006	2007	2008	2009	2010	2011
Import of cultural goods	1,073	1,565	1,806	1,842	2,081	1,521	2,434	2,771
Characteristic	99	142	160	179	241	163	196	215
Actual related goods	2	3	5	8	10	8	42	63
Interdependent	820	1,191	1,330	1,259	1,390	1,094	1,772	2,053
Auxiliary	152	229	311	396	440	256	424	440
Variation in imports – cultural goods	–	45.9%	15.4%	2.0%	13.0%	-26.9%	60.0%	13.8%
Imports – total economy	21,311	27,300	32,588	42,524	54,596	37,141	53,811	70,728
Variation in imports – total economy	–	28.1%	19.4%	30.5%	28.4%	-32.0%	44.9%	31.4%
Imports – cultural goods/ Imports – total economy	**5.03%**	**5.73%**	**5.54%**	**4.33%**	**3.81%**	**4.10%**	**4.52%**	**3.92%**

Source: INDEC

2.3 Considerations of the methodological differences between the previous background and the present research

It is vitally important to pay attention to methodological issues in order to understand the scope of the results presented in the studies analyzed and any other studies that might be taken into account, as well as when comparing countries or different periods of analysis.

In this case, it is possible to note initially some essential differences between these studies regarding the methodology used for the analysis of the current research issues.

This study follows – as closely as possible – the 'Guide on Surveying the Economic Contribution of the Copyright-Based Industries', prepared by WIPO and published in 2003, intended as a practical tool to facilitate national and regional surveys. The Guide certainly lays out the thrust of the main legal, economic and statistical concepts relevant to the survey. While general in its basic approach, it contains some indispensable technical detail, which will be further refined in accordance with the results obtained.

For this reason, it is clear that the work carried out jointly by WIPO and the University of Campinas is one of the works that preceded the methodological recommendations made in the Guide. It can be seen that the pursuit of the objective of quantifying the economic contribution of activities and products protected by Copyright, using the National System of National Accounts and its concepts and definitions as a key source, is common to both works. The classifications of economic activities differ in the grouping criteria and in the definitions for each of the four groups, and in addition the Guide uses correction factors called 'copyright factors' to adjust their scope. Additionally, and in order to work as accurately as possible, this study required the application of statistical correction coefficients in some activities in which aggregation consolidated activities unrelated to copyright.

For its part, the study on the calculation of the Cultural Satellite Account, although it refers to the System of National Accounts as a source of information, has a significant difference in the fact that it is focused on the conceptual aspect derived from the expression 'cultural activities', referring to a sector of the economy that is characterized by generating goods and services with 'symbolic' content, such as ideas, values, beliefs, etc.[11]

In that sense, it is clear that the concept of 'cultural activities' is much broader than that of copyright, because not all cultural activities can be identified with some full or partial legal protection. To consider this classification would then involve making estimates of target variables that would be inadequate because they are based on different assumptions. Additionally, WIPO's methodology does not include unobservable economic activities, which have been considered for the calculation made in this research. However, the satellite account could be further adjusted and become a useful tool for monitoring the creative sector.

[11] Definition set forth in the document 'Las Industrias Culturales: creadoras de valor simbólico,generadoras de desarrollo económico y de puestos de trabajo' ['Cultural Industries: Creators of Symbolic Value, Generators of Economic Development and Jobs'], prepared by SINCA and the National Secretariat of Culture

3. METHODOLOGICAL ASPECTS RELATED TO ESTIMATION OF VALUE ADDED, FOREIGN TRADE AND EMPLOYMENT

This document is based on the methodology suggested by WIPO (2003) to identify and classify copyright-based industries.

According to this classification, four categories of industries are identified:

1. **Core copyright industries:** These industries are wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works or other protected subject matter. They are classified in nine groups: a) press and literature, b) music, theatrical productions and operas, c) motion pictures and videos, d) radio and television, e) photography, f) software and databases, g) visual and graphic arts, h) advertising services, i) copyright collecting societies.

2. **Interdependent copyright industries:** These industries are engaged in the production and sale of equipment whose function is, wholly or primarily, to facilitate the creation, production or use of works and other protected subject matter. Examples of these are: production and sale of televisions, radios, CD and DVD players, computers, musical instruments, etc.

3. **Partial copyright industries:** In these industries a portion of the activities is related to works and other protected subject matter; for instance: apparel, textiles, footwear, jewelry, furniture and toys.

4. **Non-dedicated support industries:** In these industries a portion of the activities is related to facilitate broadcast, communication, distribution or sales of works and other protected subject matter and whose activities have not been included in the core copyright industries. These industries include: general wholesale and retailing, general transportation and telephony and internet.

3.1 Identification of CBIs for Argentina

For the purposes of considering the in-force national legislation on the subject and for the interviews carried out with main actors linked to the sector, such as copyright collecting societies, sectoral chambers, experts in the subject or public agencies such as the National Directorate of Copyright (see Annex 1), copyright industries in Argentina have been identified in their four categories as above, following the WIPO Guide (2003).

As a first stage, departing from the WIPO suggestions of the industries included in each category with its corresponding 4 digit ISIC (International Standard Industry Classification), the appropriateness of the inclusion of the mentioned ISIC categories has been analyzed, taking into consideration the Argentinian legislation and the interviews carried out. On the other hand, the correspondence between the ISIC classification and the National Economic Census (main source of information) classification (hereinafter ISIC census) was considered, and the level of disaggregation needed to identify the chosen product, due in many cases to the Economic Census, presents broader aggregation groups.

In Annex 3 the four categories of copyright industries are presented with their adaptation for Argentina.

3.2 Sources of information

The most appropriate indicator to measure the economic contribution of an industry is the value added. The data which are used to measure the value added of certain industries come from two sources: input-output tables and estimations of value added by industry.

Due to the fact that the last input-output table compiled for Argentina dates from 1997, this instrument has been discarded and it has been decided to use the value added estimations for certain industries.

Another indicator used to measure the economic contribution of the copyright industries is employment in those industries relative to the total. Finally, the third indicator is foreign trade, which complements the previous two indicators.

Next, the main sources of information from which the value added, employment and foreign trade estimations for copyright industries have been obtained are described:

(a) **National Economic Census 2004**

With data referring to 2003, the census includes estimations of value of production, value added, employment, compensations, among others, for a wide number of economic sectors. The classification of the census is based on ISIC revision 3, despite the fact that in some cases it creates groups approaching to ISIC revision 4.

The advantage of this source lies in the fact that it has estimations of value added, following the method described in the System of National Accounts, SNA 1993.[12] Additionally, it provides information about registered employment in these industries which is compatible with their value added.

The information is published on the website of INDEC with the mentioned classification. In many cases, this classification coincides with the five digit ISIC revision 3, and in others with the four and three digits. Therefore some copyright industries are found in broader groupings.[13]

(b) **System of National Accounts**

National accounts are produced in the Directorate of National Accounts (DNCN) that reports to INDEC, and are based on the System of National Accounts 1993.The DNCN produces the production account with a quarterly frequency which is published at letter level of ISIC revision 3. Series of National Accounts with this disaggregation are available from 2003 up to 2008.[14]

(c) **Households Survey**

The continuous household survey (ECH) allows estimations of jobs at two digit level of the Classification of Economic Activities for Socio-demographic Surveys of Mercosur (CAES- Mercosur). CAES is designed based on ISIC revision 3. It observes ISIC's tabulation categories and the two digits, with the exception of the trade sector, where it groups wholesale and retail trade.

Jobs can be classified in their different categories, registered wage-earners, non-registered wage-earners, and non-wage-earners. This source allows estimations of the non-observed economy through the non-registered employment.

There is access to microdata users' databases, from which has been constructed an annual series of employment by category, with the above-mentioned classification, from 2003 to 2008.

(d) **General Directorate of Customs (DGA)**

The foreign trade registry is produced by the General Directorate of Customs (DGA), which is an agency reporting to the Federal Administration of Public Revenues (AFIP). The nomenclature used to register exports and imports is the Mercosur common nomenclature based on the 'harmonized system'.

Likewise, INDEC processes this information for Balance of Payments as well as for National Accounts by ISIC revision 3.

[12] System of National Accounts 1993. Statistical Office of the European Communities (Eurostat), International Monetary Fund, (IMF), Organization for Economic Co-operation and Development (OECD), United Nations (UN) and the World Bank.

[13] There was no access to the census microdata which could have given the possibility of disaggregating some groupings presented in the census to extract exclusively the copyright industries and estimate with greater accuracy the copyright factors in the interdependent industries and in the partially dependent industries.

[14] If there would have been access to a greater level of disaggregation than the published one, the estimation made for 2003 could have been extrapolated with more precise indicators for each activity.

(e) **SInCA**

The System of Cultural Information of Argentina is a comprehensive information dataset developed by the National Secretary of Culture. One of the projects of SInCA is the continuous production of statistics on culture.

Some of the statistics that could be obtained from this source are:

- Circulation of newspapers and magazines.
- Phonograms sold.
- Foreign trade of cultural and related goods.

(f) **Metropolitan Center of Studies for Economic Development – CEDEM**

The Metropolitan Center of Studies for Economic Development (CEDEM) is a part of the Direction of Statistics and Census of Buenos Aires City. It produces a number of statistics related to the cultural industries of the City of Buenos Aires and in some cases referring to the country as a whole. In the quarterly publication 'Economic Situation of Buenos Aires City', CEDEM incorporates a chapter dedicated to the cultural industries from which various series can be obtained, among which:

- Production of books from the registration of the ISBN:[15]
- Sales of the music industry (in units).
- Number of people in the audience at the cinemas.
- Number of films which have been commercially premiered

Likewise, CEDEM started in 2011 a survey of book stores in Buenos Aires city from which it is possible to obtain the amount of sold and manufactured books.

(g) **Copyright Collecting Societies:**

Argentinian Society of Authors and Composers of Music (SADAIC): This copyright collecting society was recognized by the Act N° 17.648 (Regulated by Decree N° 5.146/69) as a cultural civil association of private nature, granting it the exclusive management rights of national and foreign music creators. SADAIC provided the balance sheets from 2003 until the latest available period, which corresponds to July 2011/June 2012, where information on revenues and distribution of rights in the national and international sphere are published.

Center of Administration of Reprographic Rights (CADRA): CADRA is an association which protects and manages collective copyrights. Its website publishes the records of the balance sheets from 2001/2002 until present date.

General Society of Authors of Argentina (Argentores): The General Society of Authors of Argentina, created by Act N° 20.115 of 1973, is the copyright collecting society which represents literary and dramatic authors (writers, scriptwriters for cinema, radio and television, etc. and manages the revenues of its rights.

Argentinian Society of Management of Interpreting Actors (SAGAI): SAGAI is the association which administers and manages copyrights of actors, dancers and dubbing-voice actors. It starts in 2006. In the webpage it publishes the balance sheets from 2009 until present date.

Other copyright societies: There were interviews to evaluate information available in other copyright collecting societies, such as the Argentinian Association of Performers (AADI) and the Argentinian Chamber of Phonogram and videogram producersPhonogram and videogram producers (CAPIF) and the Society of Visual Arts (SAVA).

[15] International Standard Book Number. By law number 22.399 of 1981, every book edited in Argentina must have the International Standard Book Number printed in it. The Argentinian Book Chamber (CAL) is in charge of its administration.

(h) **Consultations with experts**

In some cases, where the required statistical information to make accurate estimates was not available, it was essential to have expert opinions and estimations in consultation with WIPO experts in order to achieve the objectives for the research.

3.3 Methodological difficulties for the identification and measurement of CBIs

The Argentinian statistical system presents some limitations which make the identification and measurement of CBIs difficult:

(a) Insufficient disaggregation of the base information. The main source of information is the Economic Census, which presents results by ISIC at different levels of aggregation. There are industries at 5 digit level, others at 4 and others at 3 digits. Actually, in many cases CBIs refer to protected products which can be found in industries which are not totally protected. For this reason, it was necessary, in some core industries, to apply statistical correction coefficients which, in a different way from the copyright factors, try to reflect, due to the lack of statistical disaggregation, the portion which represents the protected industry inside the available census grouping.

One of the characteristic sectors that present this problem is printing. In this sector coexist large firms, many of which provide services to the publishing industry, and small and medium firms. In many cases, the latter are informal firms, which are engaged in printing articles not protected by copyright.

(b) The latest economic census contains information for the year 2003. In order to update these data to 2008, one should use estimations of National Accounts which are disaggregated at letter level. Therefore, as no specific information can be obtained, in some sectors levels of 2008 could be under- or overestimated.

(c) National Accounts include in their estimations both observed and non-observed economic activities, whereas the Economic Census provides information of about the former. Using only census information for the estimation of value added in copyright industries could imply underestimations of its contribution to GDP.

(d) Socio-demographic surveys which are used to measure employment growth of CBI have a two-digit disaggregation. So in order to obtain estimations with a greater level of disaggregation, it was necessary to maintain the most disaggregated structure of the Economic Census for 2003.

The level of informality in Argentina is high; consequently, the Census underestimates its true economic dimension in some sectors. The only alternative for obtaining an approximate dimension of informality in the CBIs is through use of the socio-demographic surveys. However, as mentioned above, these surveys have a two-digit level of disaggregation, which makes difficult to make precise estimations.

(e) Likewise, National Accounts have not yet estimated the new base for 2004 in which one could obtain the coefficients of the non-observed economy (NOE) implied in each sector. Therefore, this study has resorted to the estimations for the City of Buenos Aires, which replicate the methodology used by National Accounts and the international recommendations on the subject, in order to obtain the adjustment coefficients by sectors which arose when estimating the base year 2004 for the Regional Gross Product of the City of Buenos Aires (Wierny et al., 2011).

(f) Lack of information or mismatching of the non-official sources. In many cases, one has access to information of products' physical quantities, which is complex to value in order to obtain economic estimations of the sectors. In other cases there was information with partial coverage.

(g) Copyright Collecting Societies, with some exceptions, do not have statistical information. They do not normally have statistical departments to generate this information in a systematic way.

(h) Information on foreign trade of goods is classified for Mercosur with an adaptation of the harmonized system, which has changed during the years. It was necessary to take into account these changes in order to convert information coming from foreign trade for each year to ISIC revision 3.

(i) Information published for the balance of payments concerning copyrights is grouped under the concept of royalties, which includes patents, royalties, licenses and copyrights. Through a special request to INDEC, the disaggregation of copyrights has been obtained for the 2003-2008 period.

3.4 Adjustments to the calculation of gross value added (GVA) of some activities by the copyright factor and the statistical correction coefficient.

Given the cross-section or general character of the industries which are partially dependent on copyright and the non-dedicated support industries, and given the existing difficulties of statistical disaggregation to quantify in a precise way the proportion corresponding to copyright in value added and generated employment, it is necessary to estimate the contribution of these industries to the total economy.

In order to reduce the risks of overestimation, following the methodology of WIPO (2003), a copyright factor is applied to the value added and generated employment, which represents the specific weight of those activities protected by copyrights in the partially dependent and in the non-dedicated support industries.

In this sense, and according to WIPO 2003, the CBIs of core or interdependent industries do not require any adjustment once the GVA and employment have been estimated, given that their contribution to copyright-based activities is 100%. On the contrary, the activities included in the groups of partially dependent and non-dedicated support industries have a weight in the total of the economic activity.

However, in this study, and for strictly statistical reasons -the lack of access to the microdata of the economic census necessitated the use of data available at a higher level of aggregation; it was necessary to apply the statistical correction coefficient also in some core and interdependent activities, because the grouping published by the census contained activities which were not protected by copyright.

3.4.1 *Adjustment to GVA calculations of some activities by statistical correction.*

1. For core CBIs, statistical correction coefficients have been estimated in the following activities:

   Publishing: In this activity the census also included the publishing of brochures and personal cards and other commercial printed materials; they were excluded.

   Printing: In this sector large firms – many of which provide services to the publishing industry – coexist with small and medium ones. In many cases the latter are informal and engaged in printing articles (brochures and other printed material) not protected by copyright. A coefficient has been applied which reflects the contribution of products protected by copyright in the total of the activities' products.

   Retail sales of recorded music: According to the grouping of the census this activity also includes the retail sales of musical instruments and sound equipment, both of which belong to the interdependent industries category. For this reason, only part of this activity (0.39%) is assigned to the core industries for the sales of recorded music and the rest is left in the interdependent industries.

   Photography: The census includes the outlets engaged in developing photographs for the final consumer only. For this reason, a coefficient was applied to exclude them.

   Translators: In the census, translators are grouped with other services to the firms, which include administrative activities and call ceners, among others. A coefficient has been estimated based on translators´ participation in the total activity. Given the informal aspect of the activity and that many translators work freelance, it is probable that the census has under-captured them

   Copyright collecting societies: In the census, this activity is grouped with professional associations. A coefficient has been estimated from information provided by these organizations with respect to the total of the activity.

   In the following table, the statistical correction coefficients applied to the census groups for the core industries are presented:

Table 6: **Statistical correction coefficients used in core CBI**

Typology	ISIC Census	Concept	Statistical coefficient
1	2211	Publishing of books, brochures, musical books and other publications	0.860
1	2212	Publishing of newspapers, journals and periodicals	1
1	2219	Other publishing	1
1	2221	Printing	0.586
1	2222	Service activities related to printing	1
1	51321	Wholesale of books, magazines and newspapers	1
1	52356	Retail sales of musical instruments, music scores and tapes	0.390
1	5238	Retail sales of books, magazines, newspapers, paper, cardboard, packaging materials and library articles	1
1	6422	Television transmission services	1
1	71301	Renting of videos and video games; video stores	1
1	7220	Software consultancy and supply	1
1	7230	Data processing	1
1	7240	Database activities	1
1	7430	Advertising	1
1	7494	Photographic activities	0.700
1	7499	Translators	0.005
1	9211	Motion picture and video production and distribution	1
1	9112	Copyright collecting societies	0.150
1	9212	Motion picture projection	1
1	9213	Radio and television activities	1
1	9214	Dramatic arts, music and other arts activities	1
1	9219	Other entertainment activities n.e.c.	1
1	9220	News agency activities	1
1	9231	Library and archives activities	1
1	92499	Other recreational activities	1

Source: Own elaboration.

2. For the interdependent CBIs, statistical correction coefficients have been estimated for the following activities:

   Manufacturing of cellulose paste, paper and cardboard: Part of the activity (toilet paper, bags, etc.) is not associated with activities which generate copyright. For this reason, from information provided by the Argentinian Association of Paper and Cardboard Manufacturers, the proportion of production of printing paper in the total has been estimated and this correction coefficient has been applied to the census values (38%).

   Likewise, not all the paper for printing is used for protected products. Therefore, given that in the (core) printing activity a coefficient was obtained which represented the proportion corresponding to printing of products protected by copyright, excluding general brochures and other non-protected products, this coefficient has been also applied to the figures obtained for the printing paper.

   Manufacturing of photography and cinematography instruments: In the census, this activity is grouped with optical instruments, where the majority of firms correspond to this latter activity because majority of photographic and cinematographic instruments are imported. Therefore a coefficient has been estimated which reflects only the national production of these products.

   Manufacturing of musical instruments: This activity is grouped with jewelry, sports articles, games and toys. Some of these products are in Category 3, industries which are partially dependent. Thus, the share of manufacturing of musical instruments has been estimated; it is really small due to the fact that the majority of these products are imported.

Wholesale of photographic and cinematographic instruments: Once again, in the census this activity is grouped with the sale of optical instruments. Therefore, a coefficient has been estimated to reflect the sales of these products. This coefficient does not coincide with that estimated for manufacturing, because in the case of sales the origin of goods, national or imported, does not matter both generate margins.

Wholesale of paper: The same coefficient as that for manufacturing is applied.

Wholesale of software, computers and equipment: In the census, sales of software are grouped with those of equipment. Therefore, given that the latter are the major part, they were both left in Category 2. This activity also includes control and security groups. A coefficient has been estimated to exclude them.

Retail sale of non-recorded material, musical instruments, televisions, radios, video recorders, CD players, DVD players, cassette players, electronic games consoles and other similar equipment: This activity includes the retail sale of recorded music, which is included in the core industries. Therefore, the statistical correction coefficient is applied.

Retail sale of photographic and cinematographic instruments: The same correction coefficient as for wholesale sales is used.

Retail sale of paper: The same coefficient as for production and wholesale is used.

Renting of photographic and cinematographic instruments: In the census, the renting of these products is grouped with the renting of agricultural and construction machinery. There is no disaggregation by product but, given the magnitude of the latter, it was eliminated from the category.

Renting of televisions, radios, video recorders, CD players, DVD players, cassette players, electronic games consoles and other similar equipment: In the census, this activity includes all personal belongings, therefore the correction coefficient is applied.

In the following table the statistical correction coefficient applied to the census groupings for the interdependent industries are presented:

Table 7: Statistical correction coefficients used in Interdependent CBIs

Typology	ISIC Census	Concept	Statistical coefficient
2	2101	Manufacture of pulp, paper and paperboard	0.224
2	3000	Manufacture of office, accounting and computing machinery	1
2	3230	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus, and associated goods	1
2	3320	Manufacture of optical instruments and photographic equipment	0.004
2	3699	Other manufacturing n.e.c. (musical instruments)	0.004
2	5139	Wholesale of other household goods	1
2	51341	Wholesale of photographic equipment	0.50
2	51492	Wholesale of other intermediate products, waste and scrap	0.38
2	51592	Wholesale of computers and electronic machines for writing and calculating; wholesale of machines and communications equipment, control and security	0.50
2	51514	Wholesale of machinery, equipment and implements used in printing, graphic arts and related activities	1
2	52356	Retail sale of musical instruments, sound equipment, audio and video cassettes, audio and video discs	0.61
2	52371	Retail sale of photographic	0.50
2	52383	Retail sale of paper	0.38
2	71309	Renting of personal and household goods	0.80

Source: Own elaboration.

3.4.2 *Adjustments to the calculation of GVA in some activities by the 'copyright factor'*

For partial CBIs, adjustment factors from the Colombian study[16] have been applied (based, in turn, in the study for Hungary by Penygey and Munkácsi, 2005). The factors for the study in Panama have also been borrowed and are presented in the following table.

Table 8: Copyright factors for the Partial CBIs

Economic Activity	ISIC Census	Description	Copyright factor
Architecture, engineering, surveying	7421	Architectural and engineering activities and related technical consultancy	0.39
Interior design	7499	Other business activities (interior design)	0.1
Household goods, china and glass	2029	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.05
	2610	Manufacture of glass and glass products	0.05
	2899	Manufacture of other fabricated metal products n.e.c.	0.05
	5139	Wholesale of household articles and / or personnel	0.05
	52354	Retail goods and furniture bazaar	0.05
Jewelry and coins	3699	Manufacture of jewelry, games and toys	0.005
	51342	Wholesale of jewelry and watches	0.25
	52372	Retail sale of watches and jewelry	0.25
Toys and games	3699	Manufacture of jewelry, games and toys	0.14
	5139	Wholesale of household articles	0.4
	52393	Retail sale of games and toys	0.4
Furniture	3610	Manufacture of furniture	0.05
	5154	Wholesale of furniture and equipment for the industry, trade and services	0.05
	71309	Renting of furniture	0.05
Museums	9232	Museums activities and preservation of historical sites and buildings	0.5
Other crafts	52373	Retail sale of jewelry and fantasy	0.4
Wall coverings and carpets	1729	Manufacture of other textiles n.e.c.	0.02
	2109	Manufacture of other articles of paper and paperboard	0.02
	52322	Retail of household confections	0.02
Apparel, textiles and footwear	1721	Manufacture of made-up textile articles, except apparel	0.05
	1810	Manufacture of wearing apparel, except fur apparel	0.05
	1920	Manufacture of footwear	0.05
	5131	Wholesale of textiles, clothing and footwear	0.05
	5233	Retail sale of textiles and clothing	0.05

Source: Own estimates.

For the case of architectural services, a factor that would only take into account design activity and the architectonic project was applied. In the census, architects and engineers are grouped together. However, the census did a special survey for the professional services, where the number of active licenses was reported by profession and the value of production and the value added were estimated by profession.

Therefore, a first stage consisted of separating, in the published figures, those corresponding to architectural services, considering the participation of architects according to licenses and value added (which are similar: 64% and 65% respectively) in the aggregate of architects and engineers.

[16] WIPO (2008), The Economic Contribution of Copyright-Based Industries in Colombia

Afterwards, inquiries were made from architecture studios, which provided information about the participation of the project and design component in the total cost of a building. It is estimated that fees for architects amount on average to 10% to 12% of a building project budget.

From the total of architectonic services activity, it is estimated that 60% corresponds to the project (including the preliminary sketches, drafts, execution documents and building plans), and the other 40% corresponds to building management.

For the **non-dedicated support industries** (trade, transport, post and telecommunications) the correction factor was estimated using the procedure described in the study of Colombia, based on the input-output matrices' coefficients. In the case of Argentina the latest input-output matrix was built for 1997.

This method estimates the proportion of trade, transportation, post and telecommunications used by the industries classified as core and interdependent in the total production of trade and in the total production of transportation, post and telecommunications.

The above-mentioned factors are presented in the following table:

Table 9: Copyright factors for the non-dedicated Support CBIs

Non-dedicated support CBIs	Copyright factor
Wholesale and retail trade	0.0100
Transport	0.0138
Post and telecommunications	0.0097

Source: Authors' calculation

3.5 Adjustments to GVA due to the inclusion of the non-observed economy (NOE)

Traditionally, in Argentina, the employment estimation coming from socio-demographic sources gives significantly higher levels than those coming from economic sources. These differences, which demonstrate the existence of the non-registered economy, can be attributed to the under-declaration of outlets participating in the census as well as to the under-capturing of outlets.

In many cases, given the intrinsic characteristics of certain activities, there are difficulties in capturing them from an economic census whose main procedure for data collection is geographical sampling.

For this reason, even since the base year 1986, the National Accounts of Argentina incorporate the non-observed economy, trying to achieve the exhaustiveness in GDP measurement which is recommended by the System of National Accounts (SNA93).[17]

The method for incorporating the non-registered economy consists, briefly, in comparing jobs that come from the economic sources to those coming from the socio-demographic sources. From this comparison, the missing jobs are determined and finally imputations are done, by employment category and by strata, of the missing values of production, intermediate consumption and value added.

This estimation methodology of the non-observed economy is called 'method through employment' or the 'Italian method', and is recommended in the Manual for measurement of the non-observed economy (OECD, IMF& ILO, 2002).

Given that in order to evaluate the importance of CBI in a country, one of the indicators used is their weight in the value added of the total economy or GDP, and given that GDP includes the non-registered economy, it is relevant to incorporate it in the estimations of CBIs, because otherwise one would be underestimating their participation.

In order to incorporate the adjustment of the NOE in the CBIs, given that National Accounts has not yet done the estimation for the base year 2004 as was foreseen, estimations made by some provinces are used, and

[17] See Ministerio de Economía y Obras y Servicios Públicos (1999).

mainly those made by Buenos Aires City for the base year 2004 and the estimations of the NOE for that year by activity sector. These estimations replicate the methodology used by National Accounts to incorporate the NOE in the estimations of the base year (Wierny et al., 2011)

From these studies, the adjustment coefficients have been obtained for the value of production, value added, wage-earners and non-wage-earners for each activity.

This adjustment increased the value added generated by CBIs by 17% approximately, the adjustment for core industries being 20%, 10% in the interdependent industries, 17 % in the partially dependent industries and 5% in the non-dedicated support industries.[18]

As a summary, the following figure synthesizes the steps followed to obtain estimates regarding the value added generated by the CBI and its contribution to GDP.

Figure 1: Working Process

1. Compiling statistical data

⇓

2. Correction of statistical data in core and interdependent CBIs by statistical coefficient

⇓

3. Correction of statistical data in partially dependent and support CBIs by copyright factor

⇓

4. Correction of statistical data by NOE

⇓

5. Calculation of value added and comparison with GDP

3.6 Estimation of the 2003-2008 series

In order to estimate the 2003-2008 series, different indicators have been used, the main one being the series of National Accounts at a two-digit level of ISIC.[19]

Value indices have been calculated, with which the valued of 2003 have been updated.

Likewise, in some sectors where there has been information provided by CEDEM or other agencies, the variations have been checked from the different sources available.

On the other hand, estimation at constant prices has been made applying the variations that arise from the two digits of national accounts to the levels obtained for this study for 2003.

This estimation is an approximation, because the constant prices of national accounts have 1993 as their base year.

[18] In order to have a benchmark, the adjustment of GDP in 1993 in the sectors that were estimated from the economic census was 30% of the value added.

[19] At the closure of this report, there was no information available on the value indices by sector with a greater disaggregation (4 digits ISIC) in order to update with greater precision the estimations for 2003 to 2008.

4. RESULTS OF THE STUDY FOR ARGENTINA

This chapter presents the results of the estimation of the contribution of the copyright based industries (CBIs) to value added, to employment and to foreign trade during the 2003-2008 period.

The next section shows a brief description of the structure and growth of the Argentinian economy during the same period, which provides the context for the contribution and growth of CBIs and thus enables their importance to be measured.

4.1 Argentina's economic structure

The estimations for the Argentine CBIs belong to the period 2003-2008, a period characterized by a significant recovery of the country's economy following a deep economic recession which started by mid-1998 with the Brazilian devaluation and the Russian economic crisis, and turned into the worst social and economic crisis experienced by the country since the 1930s.

Devaluation of the domestic currency allowed the reestablishment of the competitiveness of the manufacturing industries and small and medium firms, because of the side benefits of a partial transfer of devaluation to prices and wages, originating in the high unemployment level of the labor force and the underutilization of equipment inherited from the crisis.

At the same time, the boom in commodities export prices which took place at the beginning of the 21st century benefitted Argentina (and Latin America in general), especially in natural-resources-intensive sectors, producing a substantial improvement in the terms of trade and significant wealth effects through the increase in agricultural land value and real estate assets.

The greater revenues from exports, derived from the boom in the tradable goods sector and the devaluation of the domestic currency, allowed the Argentine economy to experience a significant acceleration in growth between 2002 and 2008 through aggregate demand growth, especially of the consumption component and initially of the investment one, allowing production to recover to, and even moderately surpass, the levels which prevailed before the 1998-2002 crisis.

The aggregate growth from the beginning to the end of the period was about 47%, which implies an annual accumulated rate of 8%. In 2005, the GDP level overtook the maximum level reached prior to the crisis (1998), and the 2008 GDP was 32% higher than in 1998. According to CEPAL figures, a trend of long-term growth has been estimated which amounts to 2.5%using the interpolation method of cyclical maxima GDP (Coremberg et al., 2007).

The following table shows the sector composition of value added and its growth during the period.

Table 10: Gross Domestic Product

Millions of pesos. at current prices and percentage share							
Tabulation Category	Description	2003	2004	2005	2006	2007	2008
	Gross value added	**351,599**	**411,970**	**489,786**	**600,230**	**740,316**	**944,777**
A	Agriculture, hunting and forestry	10.6%	10.2%	9.1%	8.2%	9.2%	9.6%
B	Fishing	0.4%	0.3%	0.3%	0.3%	0.2%	0.3%
C	Mining and quarrying	5.8%	5.7%	5.9%	6.0%	4.8%	3.8%
D	Manufacturing	24.0%	24.2%	23.3%	22.4%	21.5%	21.7%
E	Electricity, gas and water supply	1.7%	1.7%	1.7%	1.6%	1.5%	1.3%
F	Construction	3.3%	4.2%	4.9%	5.9%	6.3%	6.0%

Table 10: Gross Domestic Product (continued)

G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	11.7%	11.7%	11.8%	11.5%	11.7%	12.0%
H	Hotels and restaurants	2.3%	2.4%	2.6%	2.7%	2.7%	2.7%
I	Transport, storage and communications	8.5%	9.1%	9.1%	8.9%	8.7%	8.5%
J	Financial intermediation	3.9%	4.2%	4.4%	4.7%	4.9%	5.1%
K	Real estate, renting and business activities	12.0%	11.2%	10.9%	11.0%	11.1%	11.1%
L & Q	Public administration and defense; compulsory social security and extra-territorial organizations	5.4%	5.2%	5.4%	5.6%	5.9%	6.2%
M & N	Education, health and social work	6.9%	6.6%	7.0%	7.8%	8.3%	8.6%
O & P	Other community, social and personal service activities, private households with employed persons	3.8%	3.9%	4.1%	4.1%	4.1%	4.1%
Least:	FISIM	0.5%	0.5%	0.6%	0.8%	0.8%	0.8%

Source: National Accounts

Services represent approximately 60% of GDP at current prices, the rest corresponds to goods production. The main sectors of the economy, measured in terms of value added, are the manufacturing industry, followed by trade, business and renting activities and the agricultural and farming sector.

The economic recovery demonstrated by the Argentinian economy was heterogeneous by sector, as the following table demonstrates:

Table 11: Value added at constant 1993 prices

Annual growth rates

Tabulation Category	Description	2004	2005	2006	2007	2008
	Gross value added	**8.4**	**8.7**	**8.2**	**8.3**	**6.3**
A	Agriculture, hunting and forestry	-1.0	11.6	1.5	10.3	-2.7
B	Fishing	-19.0	-14.3	61.8	-5.3	4.1
C	Mining and quarrying	-0.4	-0.2	1.9	0.6	1.1
D	Manufacturing	11.9	7.6	8.9	7.6	4.5
E	Electricity, gas and water supply	6.6	5.0	5.0	5.8	3.4
F	Construction	29.4	20.4	18.6	9.2	3.7
G	Wholesale and retail trade; repair of motor vehicles. motorcycles and personal and household goods	13.5	9.9	7.9	11.3	7.9
H	Hotels and restaurants	6.9	8.0	7.2	8.3	7.7
I	Transport, storage and communications	13.4	14.9	13.5	13.6	12.1
J	Financial intermediation	-5.5	17.5	22.0	18.7	17.4
K	Real estate, renting and business activities	4.3	4.5	4.2	4.7	6.3
L & Q	Public administration and defense; compulsory social security and extra-territorial organizations	1.8	3.3	4.5	3.7	3.9
M & N	Education, health and social work	2.9	4.2	4.2	4.9	4.5
O & P	Other community, social and personal service activities, private households with employed persons	9.0	10.0	7.8	6.2	6.2
Least:	FISIM	-26.3	18.2	22.6	19.0	12.7

Source: National Accounts

The more dynamic sectors in the 2003-2008 period were the construction sector and transport and communications sectors, although financial intermediation was the most dynamic one after 2005. The agricultural and farming sector demonstrated a great volatility, mainly due to climate effects on agricultural output and the political economy for the sector since 2005. Manufacturing industry, despite the favorable change in relative prices, presented a significant dynamism but this was similar to that experienced during the recovery after the hyperinflation crisis of the late '80s.

4.2 CBIs' value added generation

This section presents the economic contribution of copyright-based industries to GDP. The following table shows the levels of CBIs´ value added and their contribution, by category, to the Argentinian GDP.

Table 12: CBIs' VA levels and contribution to GDP

(In thousands of pesos)

CBI	2003	2004	2005	2006	2007	2008
Core	7,142,397	8,758,744	11,536,142	15,408,924	20,465,021	27,672,225
Interdependent	1,974,502	2,427,930	2,923,947	3,443,986	4,051,792	5,058,976
Partial	1,330,236	1,813,422	2,369,351	3,068,877	3,922,670	5,150,352
Support	808,344	932,695	1,086,392	1,274,488	1,559,065	1,914,790
TOTAL	**11,255,479**	**13,932,791**	**17,915,832**	**23,196,275**	**29,998,548**	**39,796,342**
CBI (% of GDP)	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Core	2.2%	2.3%	2.6%	2.8%	3.1%	3.3%
Interdependent	0.6%	0.6%	0.7%	0.6%	0.6%	0.6%
Partial	0.4%	0.5%	0.5%	0.6%	0.6%	0.6%
Support	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
TOTAL	**3.5%**	**3.7%**	**4.0%**	**4.3%**	**4.5%**	**4.7%**

Source: Own estimates

The CBIs´ participation estimated in the present report amounts to 4.7% of the country's GDP. The core industries are the most important component of CBI: they represent 70% of the total (3.3% of Argentinian GDP), while the interdependent activities and the partially dependent, as well as the non-dedicated support industries represent 30% of the total (1.4% of GDP).

According to the estimation, and as it can be seen in the table, CBIs have increased their contribution to GDP during the period under analysis from 3.5% of GDP in 2003 to 4.7% in 2008. These percentages represent a level of AR$ 11,255 million pesos in 2003 and AR$ 39,796 million pesos in 2008.

The industries which have most increased their contribution to GDP are the core industries, which represented 2.2% of GDP in 2003 and 3.3% in 2008. The next table shows the structure of CBI in each period.

Table 13: CBIs composition

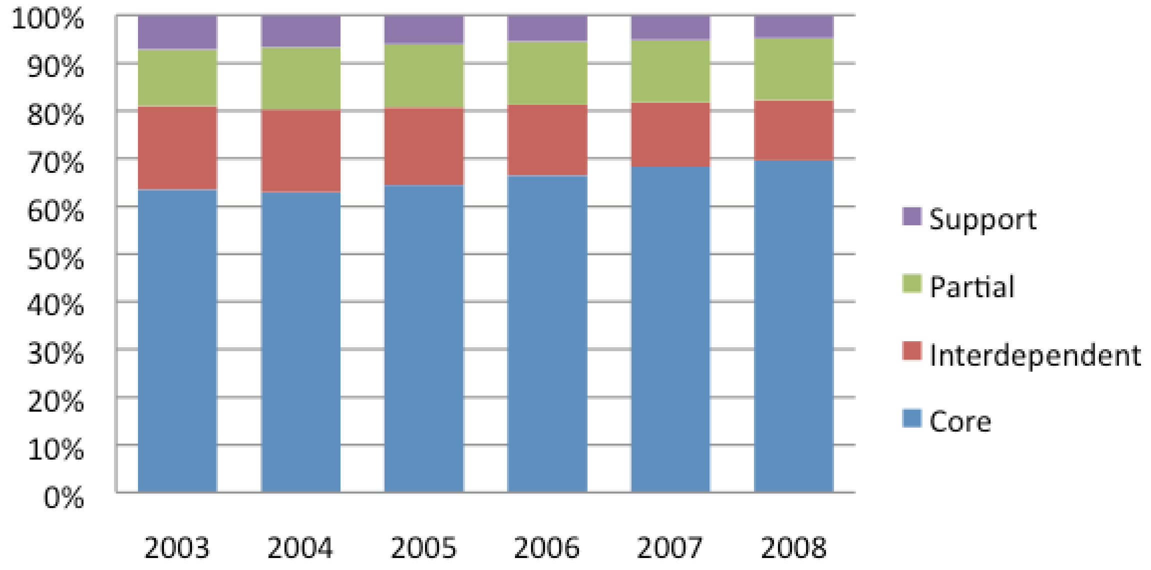
CBI	2003	2004	2005	2006	2007	2008
Core	63.5%	62.9%	64.4%	66.4%	68.2%	69.5%
Interdependent	17.5%	17.4%	16.3%	14.8%	13.5%	12.7%
Partial	11.8%	13.0%	13.2%	13.2%	13.1%	12.9%
Support	7.2%	6.7%	6.1%	5.5%	5.2%	4.8%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Own estimates

From the total of CBIs, core industries have increased their contribution between 2003 and 2008 from 63.5% to 69.5%. This increase is the counterpart of a decrease in the interdependent and non-dedicated support industries, while the partially dependent industries have slightly increased their contribution.

The following chart shows the composition of CBIs in each period.

Figure 2: CBIs composition



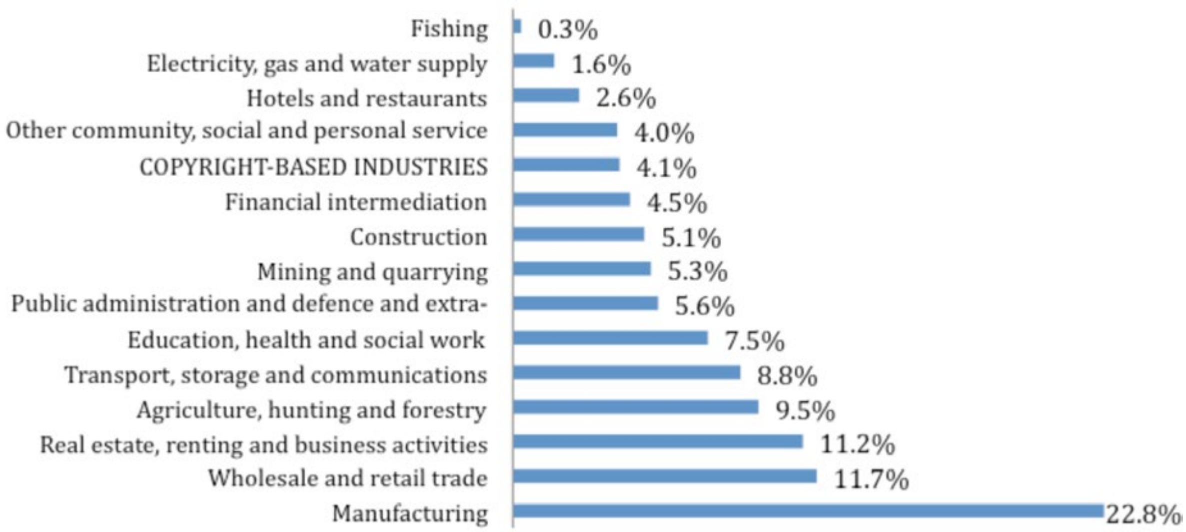
Source: Own estimates

4.3 CBIs in the national context

In order to have a clearer picture of the importance of CBIs in the country, the following chart shows the average contribution of CBI in the 2003-2008 period relative to the average contribution of other economic sectors which make up GDP.

Average contribution of CBI to GDP is 4.1%. This figure is higher than that shown by other sectors such as fishing, hotels and restaurants and is almost as important as financial intermediation.

Figure 3: Contribution to GDP in %



Source: Own estimates and National Accounts

4.4 CBIs´ structure

The next section presents an analysis of the economic contribution of the different groups of copyright based industries, highlighting their structure and growth during the 2003-2008 period.

4.4.1 *Core industries*

Among the core industries, it is possible to see that those which make the greater contribution in terms of value added are the publishing and printing industries as a whole (circa 25%), computing services at 21% and television broadcasting services with 17% on average. While the first two have increased their contribution during the period, television broadcast services' contribution has decreased.

The following table (Table 14) shows the composition of the core industries during the period.

Table 14: Composition of core industries

ISIC Census	Description	2003	2004	2005	2006	2007	2008
2211	Publishing of books, brochures, musical books and other publications	3.4%	4.1%	4.0%	5.0%	5.9%	5.8%
2212	Publishing of newspapers, journals and periodicals	11.8%	11.1%	12.8%	12.0%	11.1%	10.5%
2219	Other publishing	1.5%	1.8%	1.1%	1.5%	1.0%	0.9%
2221	Printing	8.2%	7.8%	7.9%	7.5%	8.1%	5.3%
2222	Service activities related to printing	1.4%	1.6%	0.9%	0.9%	0.8%	0.5%
51321	Wholesale of books, magazines and newspapers	2.4%	2.3%	2.1%	1.8%	1.8%	1.8%
52356	Retail sales of musical instruments, music scores and tapes	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%
5238	Retail sales of books, magazines, newspapers, paper, cardboard, packaging materials and library articles	3.5%	3.5%	3.2%	2.9%	2.7%	2.6%
6422	Television transmission services	18.7%	18.0%	16.7%	16.4%	15.2%	14.7%
71301	Renting of videos and video games; video stores	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%
7220	Software consultancy and supply	21.2%	20.9%	21.4%	21.5%	21.7%	25.4%
7230	Data processing	4.0%	4.0%	4.1%	4.1%	4.1%	4.8%
7240	Data base activities	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%
7430	Advertising	6.7%	6.2%	5.6%	5.9%	7.5%	8.9%
7494	Photographic activities	2.8%	2.8%	2.8%	2.9%	3.0%	3.1%
7499	Translators	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
9211	Motion picture and video production and distribution	2.1%	2.3%	2.5%	2.5%	2.4%	2.2%
9112	Copyright collecting societies	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
9212	Motion picture projection	1.4%	1.5%	1.6%	1.7%	1.6%	1.5%
9213	Radio and television activities	4.0%	4.2%	4.5%	4.5%	4.3%	4.0%
9214	Dramatic arts, music and other arts activities	1.0%	1.1%	1.3%	1.3%	1.3%	1.1%
9219	Other entertainment activities n.e.c.	1.2%	1.4%	1.6%	1.7%	1.6%	1.4%
9220	News agency activities	1.2%	1.6%	2.3%	2.4%	2.3%	2.1%
9231	Library and archives activities	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
92499	Other recreational activities	0.2%	0.2%	0.3%	0.3%	0.3%	0.2%
	Core CBI total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Own elaboration.

4.4.2 *Interdependent copyright industries*

Among the interdependent copyright industries, the contribution of appliances wholesale, musical instruments and recorded music stands out. Most of these products are imported. With similar characteristics, sales of hardware follow in order of importance.

The following table (Table 15) shows the contribution of each interdependent industry during the period 2003-2008.

Table 15: Composition of interdependent copyright industries

ISIC Census	Description	2003	2004	2005	2006	2007	2008
2101	Manufacture of pulp, paper and paperboard	10.8%	10.5%	8.5%	7.7%	8.0%	6.4%
3000	Manufacture of office, accounting and computing machinery	9.9%	7.8%	8.4%	6.0%	6.8%	7.0%
3230	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus, and associated goods	11.8%	16.4%	18.0%	21.2%	14.9%	11.6%
3320	Manufacture of optical instruments and photographic equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3699	Other manufacturing n.e.c. (musical instruments)	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%
5139	Wholesale of other household goods	29.1%	27.9%	27.6%	27.2%	29.6%	31.8%
51341	Wholesale of photographic equipment	3.0%	2.8%	2.8%	2.8%	3.0%	3.2%
51492	Wholesale of other intermediate products, waste and scrap	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
51592	Wholesale of computers and electronic machines to write and calculate; Wholesale of machines and communications equipment, control and security	16.1%	15.4%	15.3%	15.1%	16.4%	17.6%
51514	Wholesale of machinery, equipment and implements used in printing, graphic arts and related activities	2.1%	2.0%	2.0%	2.0%	2.1%	2.3%
52356	Retail sale of musical instruments, sound equipment, audio and video cassettes, audio and video discs	3.4%	3.4%	3.4%	3.5%	3.6%	3.8%
52371	Retail sale of photographic	4.9%	4.9%	4.9%	5.0%	5.2%	5.5%
52383	Retail sale of paper	6.9%	6.9%	6.8%	7.0%	7.3%	7.7%
71309	Renting of personal and household goods	1.4%	1.5%	1.6%	1.9%	2.2%	2.5%
	Interdependent CBI total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Own elaboration.

4.4.3 *Partial copyright industries*

Architecture services[20] – that is, the architectonic and design project but not the direction of construction work – are the most important industry within the partially dependent industries. This industry has shown dynamic behavior during the period, increasing its contribution. The following table (Table 16) shows the composition of the partial copyright industries.

[20] The portion corresponding to the project is the part protected by copyright. This is not the case for the direction of construction works.

Table 16: **Composition of partial copyright industries**

ISIC Census	Description	2003	2004	2005	2006	2007	2008
1721	Manufacture of made-up textile articles, except apparel	1.1%	1.4%	1.1%	1.0%	0.7%	0.5%
1729	Manufacture of other textiles n.e.c.	1.0%	1.0%	0.9%	0.8%	0.6%	0.4%
1810	Manufacture of wearing apparel, except fur apparel	7.4%	10.2%	12.9%	11.9%	10.7%	10.3%
1920	Manufacture of footwear	2.6%	3.0%	3.5%	3.9%	4.2%	3.4%
2029	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	3.0%	3.4%	2.8%	2.7%	2.5%	2.4%
2109	Manufacture of other articles of paper and paperboard	1.5%	1.2%	0.9%	0.9%	0.7%	0.6%
2610	Manufacture of glass and glass products	1.3%	1.2%	1.0%	0.9%	0.7%	0.6%
2899	Manufacture of other fabricated metal products n.e.c.	4.5%	5.5%	5.5%	5.1%	4.4%	4.2%
3610	Manufacture of furniture	4.1%	3.3%	2.3%	1.9%	1.8%	2.2%
3699	Manufacture of jewelry, games and toys	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%
5131	Wholesale of textiles, clothing and footwear	2.2%	1.9%	1.8%	1.6%	1.6%	1.6%
51342	Wholesale of jewelry and watches	0.6%	0.5%	0.5%	0.4%	0.4%	0.5%
5154	Wholesale of furniture and equipment for the industry, trade and services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
5139	Wholesale of household articles and / or personnel	2.2%	1.9%	1.7%	1.5%	1.5%	1.6%
5139	Wholesale of games and toys	17.3%	14.9%	13.6%	12.2%	12.2%	12.5%
5233	Retail sale of textiles and clothing	6.4%	5.7%	5.2%	4.9%	4.7%	4.7%
52354	Retail goods and furniture bazaar	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%
52372	Retail sale of watches and jewelry	2.1%	1.9%	1.8%	1.6%	1.6%	1.6%
52373	Retail sale of jewelry and fantasy	1.3%	1.2%	1.1%	1.0%	1.0%	1.0%
52322	Retail of household confections	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
52393	Retail sale of games and toys	3.4%	3.1%	2.8%	2.6%	2.5%	2.5%
71309	Renting of furniture	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
7421	Architectural and engineering activities and related technical consultancy	27.8%	29.3%	31.6%	35.2%	37.7%	39.1%
7499	Other business activities (interior design)	8.3%	7.7%	7.6%	8.2%	8.9%	9.2%
9232	Museums activities and preservation of historical sites and buildings	0.5%	0.4%	0.4%	0.5%	0.5%	0.4%
	Partial CBI Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Own elaboration

4.4.4 *Non-dedicated support industries*

Among the non-dedicated support industries, the industry with the highest contribution is trade, followed by transportation, as can be seen in the following table (Table 17).

Table 17: Composition of non-dedicated support industries

ISIC Census description	2003	2004	2005	2006	2007	2008
Wholesale and retail trade	54.8%	56.5%	58.2%	59.3%	60.8%	64.4%
Transport	34.8%	32.7%	30.6%	28.2%	26.5%	22.1%
Post and telecommunications	10.5%	10.8%	11.3%	12.5%	12.7%	13.5%
Non-dedicated support CBI total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Authors' estimation

4.5 CBIs´ real growth

The dynamics of CBIs during the period can be seen in the following table (table 18), where the inter-annual growth rates for CBIs and GDP (at 1993 prices) are presented.

As can be observed, for the above mentioned period, CBIs in general are more dynamic than the whole economy. In all the years considered in the series, CBIs present greater growth rates. This behavior can mainly be explained by the importance that interdependent activities have attained; though in general (with the exception of 2008) all the industries grew at a higher rate than GDP.

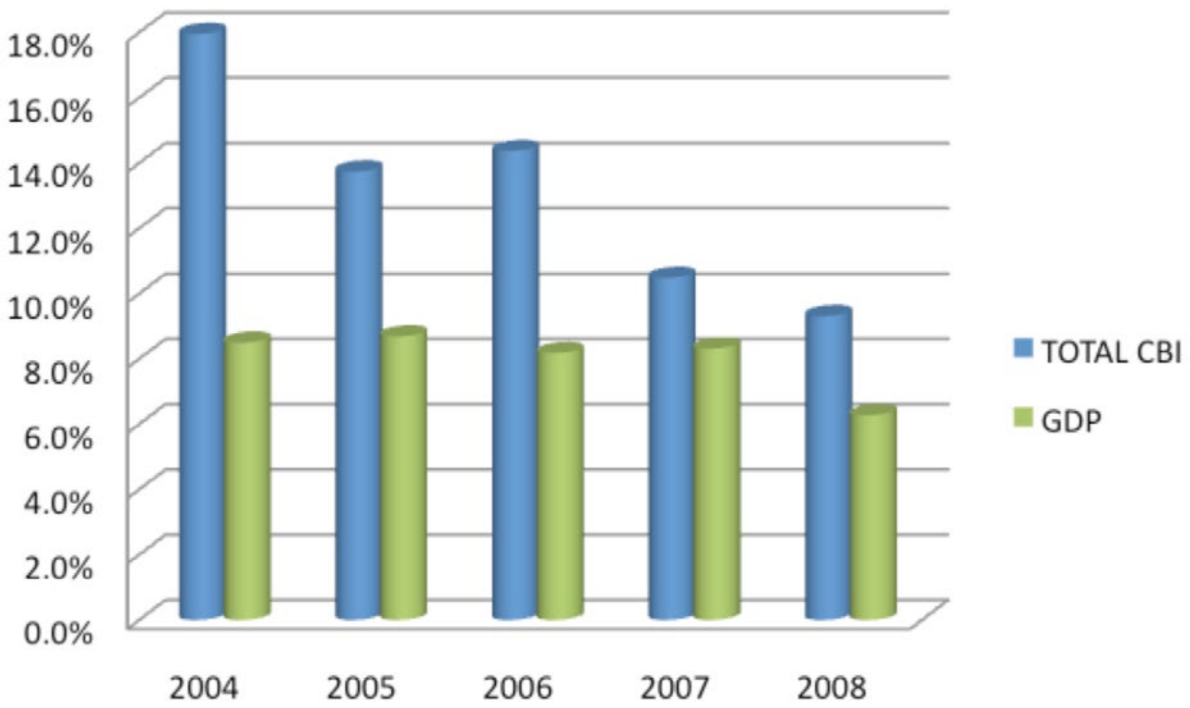
Table 18: CBIs' and GDP growth rates

	2004	2005	2006	2007	2008
Core	13.6%	11.5%	13.7%	10.6%	12.2%
Interdependent	36.3%	21.5%	19.5%	10.2%	4.2%
Partial	16.9%	13.8%	10.9%	10.0%	5.0%
Support	13.0%	10.9%	9.6%	11.5%	7.8%
TOTAL CBI	**18.0%**	**13.7%**	**14.4%**	**10.5%**	**9.3%**
GDP	**8.5%**	**8.7%**	**8.2%**	**8.3%**	**6.3%**

Source: Own estimates

As Figure 4 below shows, the dynamism of CBIs' activities was greater than that of GDP, demonstrating the increasing importance that these industries acquire when the economy grows.

Figure 4: Real growth of GDP and CBIs



Source: own estimates and National Accounts

5. EMPLOYMENT IN THE COPYRIGHT-BASED INDUSTRIES

The employment measurement for CBIs was carried out for the same economic activities as the ones considered for value added estimations, for those in the core industries as well as for those in the interdependent industries, partial copyright industries and non-dedicated support industries, respecting in each case the correction factors used in each of these industries.

Labor input, the number of people employed, can be estimated in National Accounts in terms of jobs, equivalent jobs or hours worked. According to SNA 93, jobs are the contracts (explicit or implicit) between a person and an institutional unit in order to carry out an activity in exchange for remuneration (or mixed income) during a definite or indefinite period of time. The number of jobs does not coincide with the number of working people because a person who declares herself to be working can have more than one job; she can also perform secondary activities and other activities.

Given that the economic census measures jobs, this variable will be taken into consideration in order to measure CBI employment.

In the socio demographic sources, jobs by activity and by category are estimated, adding to the people working, their secondary occupation and the other occupations by activity and by category.

5.1 Sources of information

Sources of information for measuring employment in CBIs are the following:

(a) **National Economic Census 2003/2004**

As has previously been mentioned, the economic census provides information on registered jobs by activity from the information supplied by firms. For this reason, it is compatible with their value added.

(b) **Continuous Household Survey**

This allows one to obtain jobs by occupational category, for registered as well as for non-registered jobs, information from which the adjustment for the non-observed economy is made.

(c) **Income Generation Account**

Until 2007, the National Accounts published an income generation account. With this information, the extrapolation of the 2003 estimation was done by activity. Given that this publication was discontinued, for 2008 the estimation of jobs for CBIs was based on the Argentine Integrated Provisional System (SIPA) which constitutes a registry of wage-earners.

5.2 Some characteristics of the Argentinian labor market and its evolution

The 2003-2007 period was one of constant growth in jobs. The growth of the labor market during this period is a result of the recovery following the 1998-2001 recession and the 2001-2002 crisis. As a consequence of the effect of the initial strong reduction in labor costs caused by the 2002 devaluation and the increase in the level of activity which started in that year, the labor market experienced a huge positive reaction.

The following table (Table 19) shows how total jobs grow from 13.9 million in 2003 to 17 million in 2007, mainly due to the increase in registered wage-earners. This dynamic occurs in a context of economic recovery, with high rates of GDP growth, increased employment elasticity of output and a depreciation of the local currency (Coremberg, 2012).

Table 19: Number of jobs, by category

Jobs by category (in thousands)					
	2003	2004	2005	2006	2007
Total jobs	**13,907**	**14,911**	**15,587**	**16,453**	**17,047**
Wage-earners	*9,997*	*10,896*	*11,537*	*12,298*	*12,885*
Registered wage-earners	5,916	6,408	6,991	7,607	8,184
Non-registered wage-earners	4,080	4,487	4,545	4,692	4,701
Non-wage-earners	*3,910*	*4,015*	*4,050*	*4,155*	*4,162*

Source: National Accounts

Wage-earners increased their contribution from 72% of total jobs to 76%, while the non-wage-earners reduced their contribution.

Table 20: Contribution of jobs, by category

Contribution of jobs by category %					
	2003	2004	2005	2006	2007
Total Jobs	**100%**	**100%**	**100%**	**100%**	**100%**
Wage-earners	*72%*	*73%*	*74%*	*75%*	*76%*
Registered wage-earners	43%	43%	45%	46%	48%
Non-registered wage-earners	29%	30%	29%	29%	28%
Non-wage-earners	*28%*	*27%*	*26%*	*25%*	*24%*

Source: National Accounts

Among the wage-earners, the registered ones consistently increased their contribution.

However, the high proportion of non-registered employees and freelance workers must be highlighted. These partly represent the hidden salary relationships (continuous subcontracting of professionals and non-professionals in the private sector in large, medium and small firms, as well as in the public sector), which indicates a high degree of informality in the country, a phenomenon similar to the average in Latin America and which justifies the adjustment for the non-observed economy (NOE) carried out in this study to attain exhaustiveness in GDP.

Table 21: Wage-earners' contribution to jobs

Wage-earners' contribution %					
	2003	2004	2005	2006	2007
Wage-earners	**100%**	**100%**	**100%**	**100%**	**100%**
Registered wage-earners	59%	59%	61%	62%	64%
Non-registered wage-earners	41%	41%	39%	38%	36%

Source: National Accounts

Analyzing the sectoral composition of employment, the sector with the highest contribution is trade, followed by education, social and health services and manufacturing (Table 22).

Table 22: Jobs by activity

Jobs by activity (in thousands)					
	2003	2004	2005	2006	2007
Agriculture, hunting and forestry	1,243	1,270	1,229	1,277	1,275
Fishing	22	22	22	25	24
Mining and quarrying	45	52	57	66	74
Manufacturing	1,857	1,976	2,060	2,126	2,204
Electricity, gas and water supply	77	82	82	84	86
Construction	897	1,097	1,230	1,364	1,447
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	2,700	2,858	2,891	3,053	3,103
Hotels and restaurants	405	461	477	539	579
Transport, storage and communications	928	955	1,011	1,026	1,140
Financial intermediation	191	199	210	228	253
Real estate, renting and business activities	938	1,034	1,160	1,304	1,394
Public administration and defense	867	883	913	953	970
Education, health and social work	2,121	2,192	2,285	2,389	2,439
Other community, social and personal service activities	1,615	1,832	1,960	2,020	2,059
TOTAL	**13,907**	**14,911**	**15,587**	**16,453**	**17,047**

Source: National Accounts

In the following table (Table 23) one can observe the dynamics of the contribution of jobs by sector.

Trade, agriculture and farming and manufacturing are sectors which decreased their contribution in the period. Those sectors which increased their contribution are construction, hotels and restaurants and real estate, business and renting activities.

Table 23: Sector structure of jobs

Sector structure of jobs (in %)					
	2003	2004	2005	2006	2007
Agriculture, hunting and forestry	8.9%	8.5%	7.9%	7.8%	7.5%
Fishing	0.2%	0.1%	0.1%	0.1%	0.1%
Mining and quarrying	0.3%	0.4%	0.4%	0.4%	0.4%
Manufacturing	13.4%	13.2%	13.2%	12.9%	12.9%
Electricity, gas and water supply	0.6%	0.5%	0.5%	0.5%	0.5%
Construction	6.5%	7.4%	7.9%	8.3%	8.5%
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	19.4%	19.2%	18.5%	18.6%	18.2%
Hotels and restaurants	2.9%	3.1%	3.1%	3.3%	3.4%
Transport, storage and communications	6.7%	6.4%	6.5%	6.2%	6.7%
Financial intermediation	1.4%	1.3%	1.3%	1.4%	1.5%
Real estate, renting and business activities	6.7%	6.9%	7.4%	7.9%	8.2%

Table 23: Sector structure of jobs (continued)

Public administration and defense	6.2%	5.9%	5.9%	5.8%	5.7%
Education, health and social work	15.3%	14.7%	14.7%	14.5%	14.3%
Other community, social and personal service activities	11.6%	12.3%	12.6%	12.3%	12.1%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**

Source: National Accounts

5.3 Employment in CBIs

Next, the results of measuring the jobs generated by copyright-based industries are presented for the 2003-2008 period, according to the estimates based in the economic census, the adjustment for non-observed economy and the income generation account published by National Accounts.

In 2003 CBIs generated 369,000 jobs, 243,000 of which were originated in the core industries. By 2008 employment in CBIs was 532,000 jobs, 361,000 of which originated in the core industries (Table 24).

Table 24: Jobs by type of CBI (in thousands)

CBI	2003	2004	2005	2006	2007	2008
Core	243	278	302	313	335	361
Interdependent	46	49	51	54	56	60
Partial	57	62	66	72	75	81
Support	23	25	25	27	28	30
TOTAL	**369**	**414**	**444**	**466**	**494**	**532**

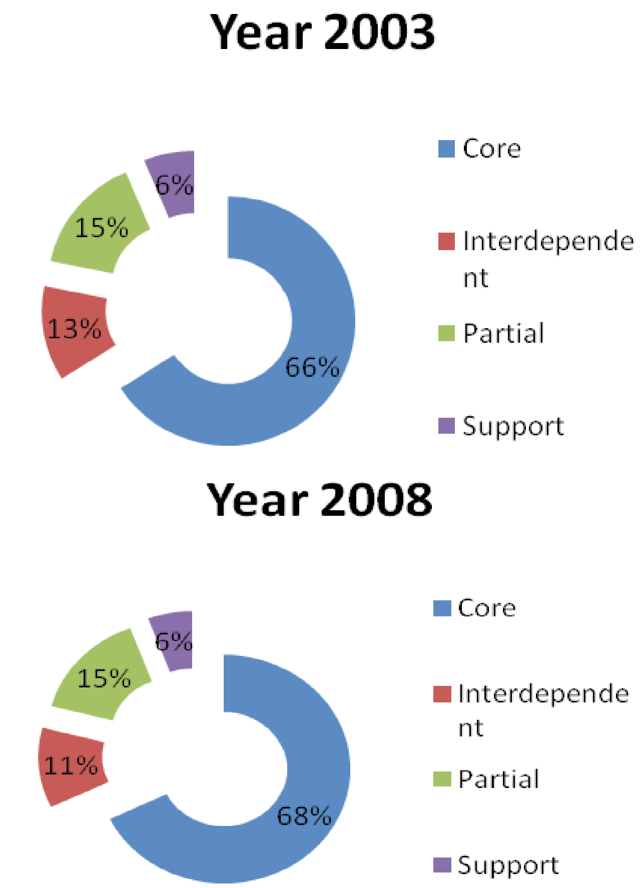
Source: Own estimates

Jobs in the core industries contributed 66% of CBIs jobs.

Interdependent industries participated with 12.4% of CBI jobs, partially dependent industries contributed 15.3% of jobs, while non-dedicated support industries represented 6.4% of total CBI jobs in 2003.

In 2008 there was an increase in the contribution of core industries against the contribution of interdependent and non-dedicated support industries. Partially dependent industries maintain their contribution (see Figure 5).

Figure 5: **Employment contribution of CBI**

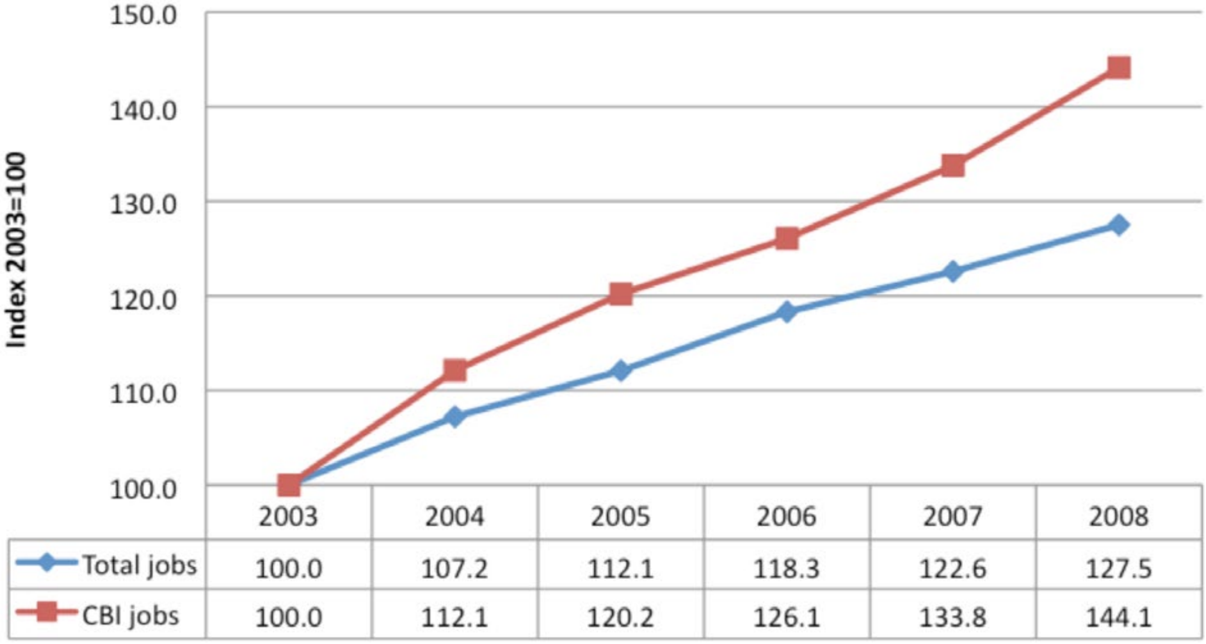


Source: Own estimates

Analyzing the evolution of the generated employment, CBIs present a dynamism in the creation of employment which is higher than the average of the economy. A similar behavior is found for production.

The following graph (Figure 6) shows that while jobs in the whole economy increased by 27%, CBIs' jobs grew by 44% in the period under study, the core industries being the most notable with an increase of 48%.

Figure 6: **Jobs growth**



Source: own estimates

In this way, CBIs increased their contribution from 2.7% of total jobs to 3% in 2008, period during which the core industries increased their contribution from 1.8% to 2% in the total jobs of the economy.

Table 25: **CBI jobs (in % of total jobs)**

CBI	2003	2004	2005	2006	2007	2008
Core	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%
Interdependent	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Partial	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
Support	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
TOTAL	**2.7%**	**2.8%**	**2.8%**	**2.8%**	**2.9%**	**3.0%**

Source: Own estimates

Regarding the employment growth in the CBIs – even higher than the spectacular growth of total employment – some explanatory factors have to be added to those already mentioned for the whole economy, such as sectoral policies to promote cultural activities and, in general, applying to activities related to copyright.[21]

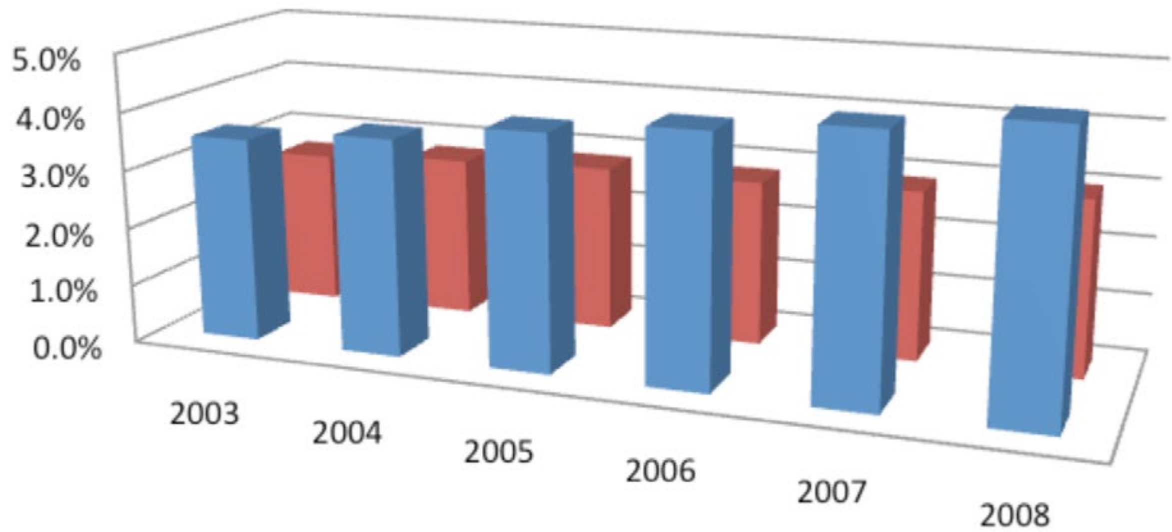
[21] See in section 8 some references regarding public policies implemented and other relevant variables that have affected the dynamics of the main industries.

5.4 CBIs´ contribution to value added and employment

The following chart (Figure 7) shows the CBIs´ contribution to GDP and employment in the 2003-2008 period.

As can be seen, CBIs´ contribution was higher in terms of value added than in terms of employment. In addition, the contribution in value added grew during the period while that of employment remained stable, circa 3%.

Figure 7: CBIs' contribution to GDP and employment



	2003	2004	2005	2006	2007	2008
% Value addded	3.5%	3.7%	4.0%	4.3%	4.5%	4.7%
% Jobs	2.7%	2.8%	2.8%	2.8%	2.9%	3.0%

Source: Own estimates

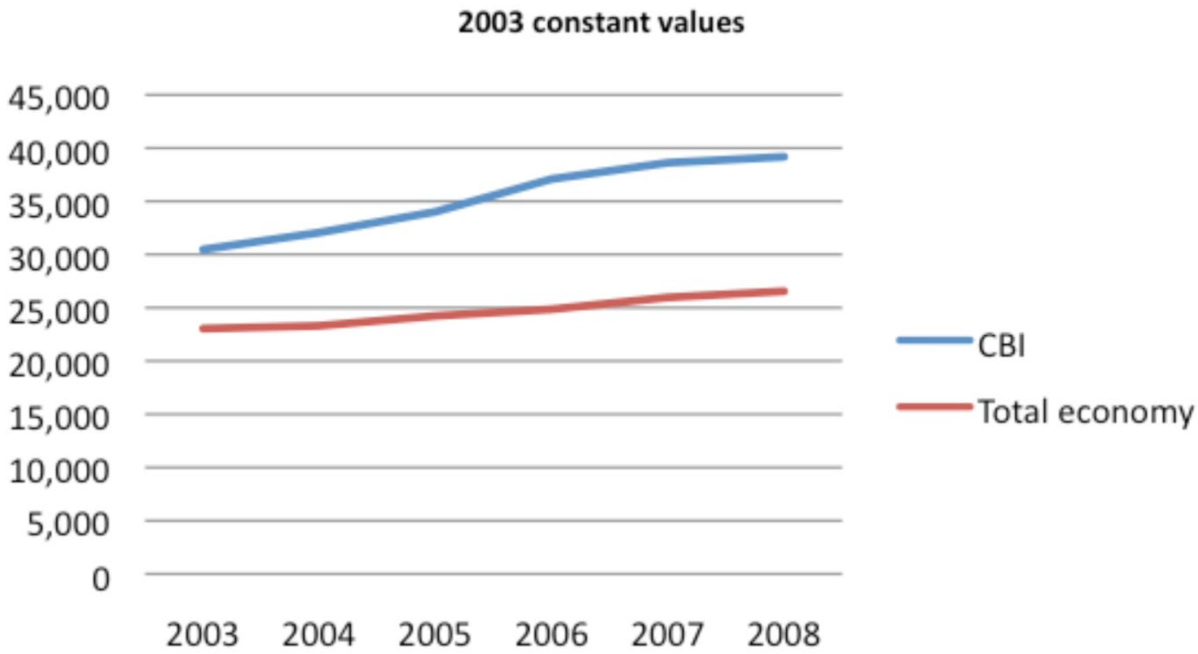
With this information it is possible to conclude that CBI average productivity (value added per job) grew during the period under study.

Taking productivity at constant prices in order to isolate the price effect of the period, the increase in CBIs' productivity amounted to 29%, while the average of the whole economy was 15%. Once again, CBIs' dynamism, now in terms of labor productivity, was higher than the average of the economy.

Likewise, CBIs' level of average productivity is higher than the economy's average productivity. In 2003 the CBIs' productivity was 33% higher than the average productivity of the Argentine economy. Measured at constant prices, this relationship was 47% in 2008 with a peak of 49% in 2006.

In order to illustrate this point, the following chart is presented (Figure 8):

Figure 8: Productivity



Source: Own estimates

For a more comprehensive and summarized approach, the following tables (Tables 26-28) illustrate the value added and the employment contribution of each subsector to each type of industry.[22]

Among core CBIs (Table 26), the most notable contribution to value added and employment was made by subgroup 1 (press and literature), followed by 6 (software and databases) and 4 (radio and television). The press and literature subgroup participated with 32.2% and 28% in the VA for the years 2003 and 2008 respectively. For the same periods, software contributed 25.6% and 30.7% and the radio and television subgroup 23.3% and 19.4%. As regards employment, press and literature contributed 28.5% and 26.9% in 2003 and 2008 respectively; software and databases 21% and 23%, and radio and television 13.1% and 13.8% respectively.

Within the interdependent CBIs (Table 27), the participation of subgroup 1 stands out (TV sets, radios, etc.) as it contributed 38.9% and 42.2% to the VA of 2003 and 2008 respectively. As regards employment, the subgroup contributed 35.7% and 38% for the same years. The next position in terms of VA was held by subgroup 2 (computers and equipment); though in terms of employment, the second place was taken by subgroup 7 (paper).

As for partial CBIs (Table 28), the outstanding contribution and behavior came from subgroup 8 (architecture, engineering, surveying). This sector contributed 28% of value added in 2003, increasing to 39% in 2008. Employment also reflected this growth, going from 29% to 33% during the period.

[22] The figures at the level of sub-sectors are approximate, because many industries do not have the information for disaggregated ISIC branches belonging to more than one subsector.

Table 26: Economic contribution of core CBIs by subgroup

		Value added (thousand pesos)		Employment (number of jobs)		Value added (% GDP)		Employment (% total jobs)		Value added (% core CBI)		Employment (% core CBI jobs)	
	Core CBI by subgroup	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008
1	Press and literature	2,297,545	8,001,632	69,506	96,982	0.72%	0.95%	0.50%	0.55%	32.2%	28.9%	28.6%	26.9%
2	Music, theatrical productions and operas	219,530	782,867	22,834	29,993	0.07%	0.09%	0.16%	0.17%	3.1%	2.8%	9.4%	8.3%
3	Motion picture and video	337,934	1,318,285	17,627	25,081	0.11%	0.16%	0.13%	0.14%	4.7%	4.8%	7.2%	6.9%
4	Radio and television	1,663,639	5,358,234	31,990	49,661	0.52%	0.64%	0.23%	0.28%	23.3%	19.4%	13.1%	13.8%
5	Photography	187,817	737,527	14,835	23,291	0.06%	0.09%	0.11%	0.13%	2.6%	2.7%	6.1%	6.5%
6	Software and database	1,831,254	8,505,701	51,167	82,882	0.57%	1.01%	0.37%	0.47%	25.6%	30.7%	21.0%	23.0%
7	Visual and graphic arts	57,170	247,935	4,573	6,943	0.02%	0.03%	0.03%	0.04%	0.8%	0.9%	1.9%	1.9%
8	Advertising services	477,721	2,453,039	19,006	30,787	0.15%	0.29%	0.14%	0.17%	6.7%	8.9%	7.8%	8.5%
9	Copyright collecting societies	69,787	267,005	11,902	15,388	0.02%	0.03%	0.09%	0.09%	1.0%	1.0%	4.9%	4.3%
	Core CBI total	**7,142,397**	**27,672,225**	**243,440**	**361,008**	**2.23%**	**3.30%**	**1.75%**	**2.04%**	**100%**	**100%**	**100%**	**100%**

Source: own estimates

Table 27: Economic Contribution of interdependent CBI by subgroup

		Value added (thousands of pesos)		Employment (number of jobs)		Value added (% GDP)		Employment (% total jobs)		Value added (% interdependent CBI)		Employment (% interdependent CBI jobs)	
	Interdependent CBI by subgroup	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008
1	TV sets, radios, VCRs, DVD players, electronic game equipment	767,895	2,134,479	16,396	22,239	0.24%	0.25%	0.12%	0.13%	38.9%	42.2%	35.8%	37.0%
2	Computer and equipment	512,646	1,240,925	4,601	6,444	0.16%	0.15%	0.03%	0.04%	26.0%	24.5%	10.0%	10.7%
3	Musical instruments	132,556	371,589	2,733	3,459	0.04%	0.04%	0.02%	0.02%	6.7%	7.3%	6.0%	5.8%
4	Photographic and cinematographic instruments	156,557	443,140	7,394	9,280	0.05%	0.05%	0.05%	0.05%	7.9%	8.8%	16.1%	15.4%
5	Photocopiers	20,835	58,195	349	438	0.01%	0.01%	0.00%	0.00%	1.1%	1.2%	0.8%	0.7%
6	Blank recording material	27,609	77,525	739	927	0.01%	0.01%	0.01%	0.01%	1.4%	1.5%	1.6%	1.5%
7	Paper	356,404	733,123	13,613	17,336	0.11%	0.09%	0.10%	0.10%	18.1%	14.5%	29.7%	28.8%
	Interdependent CBI total	**1,974,502**	**5,058,976**	**45,824**	**60,124**	**0.62%**	**0.60%**	**0.33%**	**0.34%**	**100%**	**100%**	**100%**	**100%**

Source: own estimates

Table 28: Economic contribution of partial CBI by subgroup

		Value added (thousands of pesos)		Employment (number of jobs)		Value added (% GDP)		Employment (% total jobs)		Value added (% partial CBI)		Employment (% partial CBI jobs)	
	Partial CBI by subgroup	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008	2003	2008
1	Apparel, textiles and footwear	263,002	1,052,115	12,007	15,914	0.08%	0.13%	0.09%	0.09%	19.8%	20.4%	21.2%	19.6%
2	Jewelry and coins	39,487	109,620	2,368	2,991	0.01%	0.01%	0.02%	0.02%	3.0%	2.1%	4.2%	3.7%
3	Other crafts	17,840	50,905	1,337	1,678	0.01%	0.01%	0.01%	0.01%	1.3%	1.0%	2.4%	2.1%
4	Furniture, fittings and furnishing	58,294	124,841	5,075	7,346	0.02%	0.01%	0.04%	0.04%	4.4%	2.4%	9.0%	9.0%
5	Household goods, china and glass	152,979	470,692	5,181	6,800	0.05%	0.06%	0.04%	0.04%	11.5%	9.1%	9.2%	8.4%
6	Wall coverings and carpet	33,786	52,900	451	639	0.01%	0.01%	0.00%	0.00%	2.5%	1.0%	0.8%	0.8%
7	Toys and games	278,119	777,168	7,708	9,692	0.09%	0.09%	0.06%	0.05%	20.9%	15.1%	13.6%	11.9%
8	Architecture, engineering and surveying	369,838	2,015,306	16,548	26,805	0.12%	0.24%	0.12%	0.15%	27.8%	39.1%	29.2%	33.0%
9	Interior design	110,890	475,138	5,253	8,509	0.03%	0.06%	0.04%	0.05%	8.3%	9.2%	9.3%	10.5%
10	Museums	6,003	21,668	689	891	0.00%	0.00%	0.00%	0.01%	0.5%	0.4%	1.2%	1.1%
	Partial CBItotal	**1,330,236**	**5,150,352**	**56,618**	**81,266**	**0.41%**	**0.61%**	**0.41%**	**0.46%**	**100%**	**100%**	**100%**	**100%**

Source: own estimates

6. CBIs IN THE ARGENTINIAN FOREIGN SECTOR

According to the WIPO Guide (2003), the position of a national industry linked to copyrights, in relation to the imports and exports of a country, is a relevant indicator for public policy.

At the same time, it is important to compile these statistics because many products protected by copyright (such as books, music, movies, etc.) supply the world markets and reveal the specific role that copyrights have, as part of intellectual property, in international trade negotiations.

This section presents the exports and imports of merchandise and services of CBIs contextualized in Argentine foreign trade as a whole.

6.1 Sources of information on Foreign Trade

The following are the main sources of information used to quantify CBIs' foreign trade.

(a) **General Directorate of Customs (DGA) and INDEC**

The foreign trade statistics are registered by the General Directorate of Customs (DGA), an agency of the Federal Administration of Public Income (AFIP). The classification used to register exports and imports is the Common Mercosur Classification based on the harmonized system.

In every case, the Directorate of Statistics of Foreign Trade (INDEC) is responsible for the quality control of the data (validations and consistencies). Likewise, INDEC processes the information for the Balance of Payments as well as for the National Accounts by ISIC revision 3.

(b) **National Directorate of International Accounts**

The National Directorate of International Accounts is in charge of statistics on the Balance of Payments for Argentina. For this task, the Directorate follows the guidelines of the IMF's Balance of Payments Handbook.

The Directorate publishes quarterly results for the current account (merchandise and services). In the case of merchandise (or goods), the publication does not show the disaggregation needed for this research, but it was used for some analysis related to the foreign trade of services. Likewise, a disaggregation of the royalty account, which allows identifying copyrights foreign trade, has been requested.

6.2 Argentinian foreign trade

The following table (Table 29) summarizes Argentine exports and imports by type of product and growth for the 2003-2008 period.

Table 29: Exports and Imports of Goods

	In millions of US dollars					
	2003	2004	2005	2006	2007	2008
Exports FOB	**29,939**	**34,576**	**40,387**	**46,546**	**55,980**	**70,019**
Primary products	6,471	6,852	8,110	8,625	12,485	16,202
Manufactures of agricultural origin	10,004	11,927	13,142	15,265	19,214	23,906
Manufactures of industrial origin	8,047	9,616	11,985	14,843	17,333	22,063
Fuel and energy	5,417	6,181	7,150	7,813	6,949	7,848
Imports CIF	**13,851**	**22,445**	**28,687**	**34,154**	**44,708**	**57,463**
Capital goods	2,495	5,331	7,011	8,201	10,397	12,668
Intermediate goods	6,267	8,632	10,376	11,918	15,371	20,226
Fuels	550	1,003	1,545	1,732	2,845	4,333

Table 29: Exports and Imports of Goods (continued)

Parts for capital goods	2,262	3,622	4,858	6,175	8,065	9,959
Consumption goods	1,756	2,501	3,162	3,970	5,208	6,292
Vehicles and passenger automobiles	509	1,197	1,603	2,038	2,709	3,874
Other	13	158	132	119	114	111
Balance	**16,088**	**12,130**	**11,700**	**12,393**	**11,273**	**12,556**

Source: INDEC

In the following table (Table 30) one can observe the composition of exports for the period. As can be appreciated, the main Argentine exports are agricultural and farming products. The exports of commodities plus exports of manufactures of agricultural and farming origin totaled half of the total export of the country.[23]

Table 30: Exports composition

Exports	2003	2004	2005	2006	2007	2008
Primary products	22%	20%	20%	19%	22%	23%
Manufactures of agricultural origin	33%	34%	33%	33%	34%	34%
Manufactures of industrial origin	27%	28%	30%	32%	31%	32%
Fuel and energy	18%	18%	18%	17%	12%	11%

Source: INDEC

6.3 CBIs' Foreign Trade

In the case of foreign trade, the list of activities corresponding to exported and imported goods is shorter than the list of CBIs according to the value added.

In principle, activities related to wholesale and retail trade are not linked to foreign trade because they are non-tradable activities. Therefore the activities that are considered in the estimation are limited, mainly, to activities related to production of goods.

The following table (Table 31) shows the activities considered for exports and imports of goods.

Table 31: List of ISIC activities included in CBIs' foreign trade

Economic Activity	Act N°	ISIC Rev.3.1.
Publishing of books	1	2211
Publishing of newspapers	1	2212
Other publishing	1	2219
Printing	1	2221
Service activities related to printing	1	2222
Software consultancy and supply	1	7221
Photographic activities	1	7494
Motion picture and video production and distribution	1	9211
Dramatic arts, music and other arts activities	1	9214
Manufacture of pulp, paper and paperboard	2	2101
Manufacture of office, accounting and computing machinery	2	3000

[23] For more detail, see Annex 4.

Table 31: List of ISIC activities included in CBIs' foreign trade (continued)

Manufacture of television and radio receivers, sound or video recording or reproducing apparatus, and associated goods	2	3230
Manufacture of optical instruments and photographic equipment	2	3320
Other manufacturing n.e.c. (musical instruments)	2	3692
Manufacture of made-up textile articles, except apparel	3	1721
Manufacture of other textiles n.e.c.	3	1722
Manufacture of wearing apparel, except fur apparel	3	1810
Manufacture of footwear	3	1920
Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	3	2029
Manufacture of other articles of paper and paperboard	3	2109
Manufacture of glass and glass products	3	2610
Manufacture of other fabricated metal products n.e.c.	3	2899
Manufacture of furniture	3	3610
Manufacture of jewelry and coins	3	3691
Manufacture of games and toys	3	3694
Architectural and engineering activities and related technical consultancy	3	7421

Source: This study
Notes: 1: Core; 2: Interdependent; 3: Partial

In order to quantify foreign trade, it was necessary to use a conversion table for the Common Mercosur Classifier, based on the harmonized system, and use it for the export and imports items to convert them to ISIC revision 3.

In the period 2003-2008, some changes were made to the Classifier, which must be specially taken into account in order to correctly make the conversion to ISIC.

6.4 Exports

In the case of exports, after processing the foreign trade database with ISIC using the converters for each year, both the statistical correction coefficients and the copyright factors were analyzed. Several cases were identified where the participation of products protected by copyright in each ISIC classification was not necessarily the same in exports and in value added.

In those cases, specific correction factors for exports were estimated, subject to the available information. For the rest, the correction factor applied for the value added estimate was used.

Industries with specific correction factor for exports are the following:

Publishing: In this case, all the exports are protected by copyright.

Pre-printing, printing, post-printing of books, magazines, newspapers and advertising material: All exports refer to the products listed here; commercial books, bills, tickets and brochures in general are not exported.

Photographic studios and commercial photography: Photo processing for the final consumer is not exported. This activity constitutes an important part of the content of this branch's production.

The following table shows CBI exports by type and by participation in total exports in the period under study.

Table 32: Exports

In thousands of US Dollars

Industry	2003	2004	2005	2006	2007	2008
Core	61,075	75,102	92,475	111,237	97,739	113,074
Interdependent	102,070	126,878	120,136	159,120	184,012	176,229
Partial	24,057	26,326	26,329	30,434	32,300	39,115
Total CBI exports	**187,202**	**228,306**	**238,940**	**300,790**	**314,051**	**328,418**
Total exports	**29,938,753**	**34,575,734**	**40,386,767**	**46,546,203**	**55,980,309**	**70,018,839**
CBI exports in total	**0.6%**	**0.7%**	**0.6%**	**0.6%**	**0.6%**	**0.5%**

Source: Own estimates

CBIs' exports represent a small proportion of total exports, accounting for only 0.6%. This result is the expected one, due to the fact that these activities are mainly related to the services sectors, which are less tradable than other activities such as substitutive industry or activities which are intensive in natural resources such as mining and farming sectors.

Table 33: Exports composition by type of industry

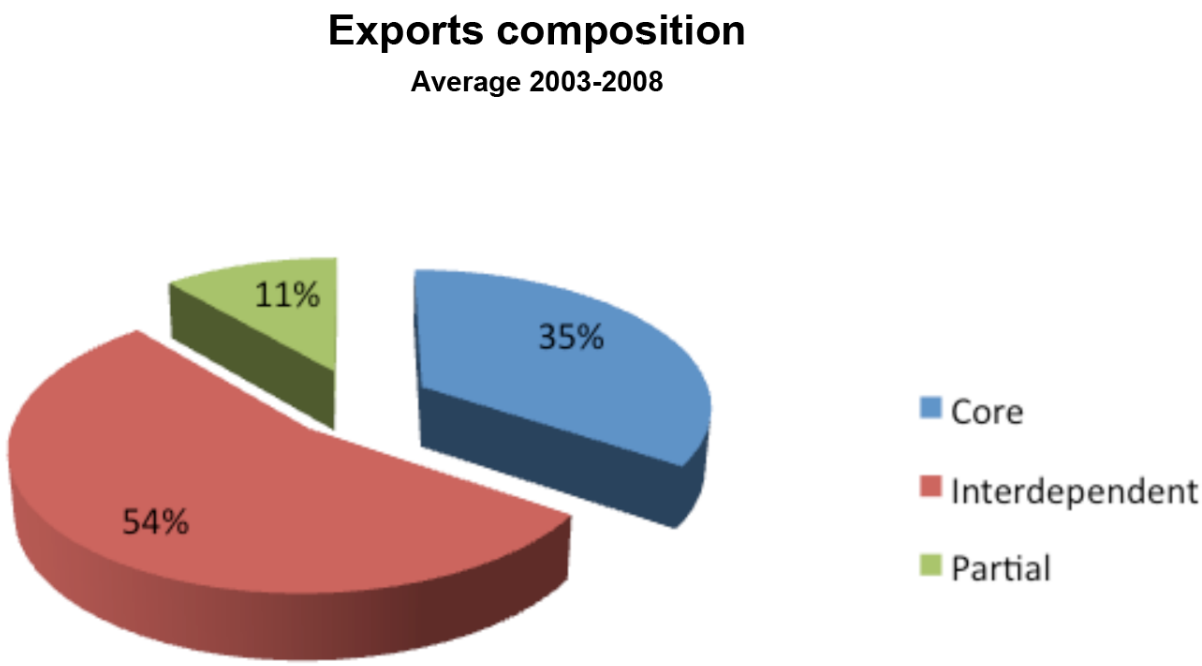
Industry	2003	2004	2005	2006	2007	2008
Core	33%	33%	39%	37%	31%	34%
Interdependent	55%	56%	50%	53%	59%	54%
Partial	13%	12%	11%	10%	10%	12%
Total CBI Exports	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Author's calculation

It can be observed that during the period studied there were no significant changes in the composition of exports. The following chart (Figure 9) shows the average contribution of each CBI industry.

Core industries exported between 33% and 34% of total CBI exports, with a peak of 35% in 2005. The industry with the largest contribution to exports of this type of industry was book publishing.

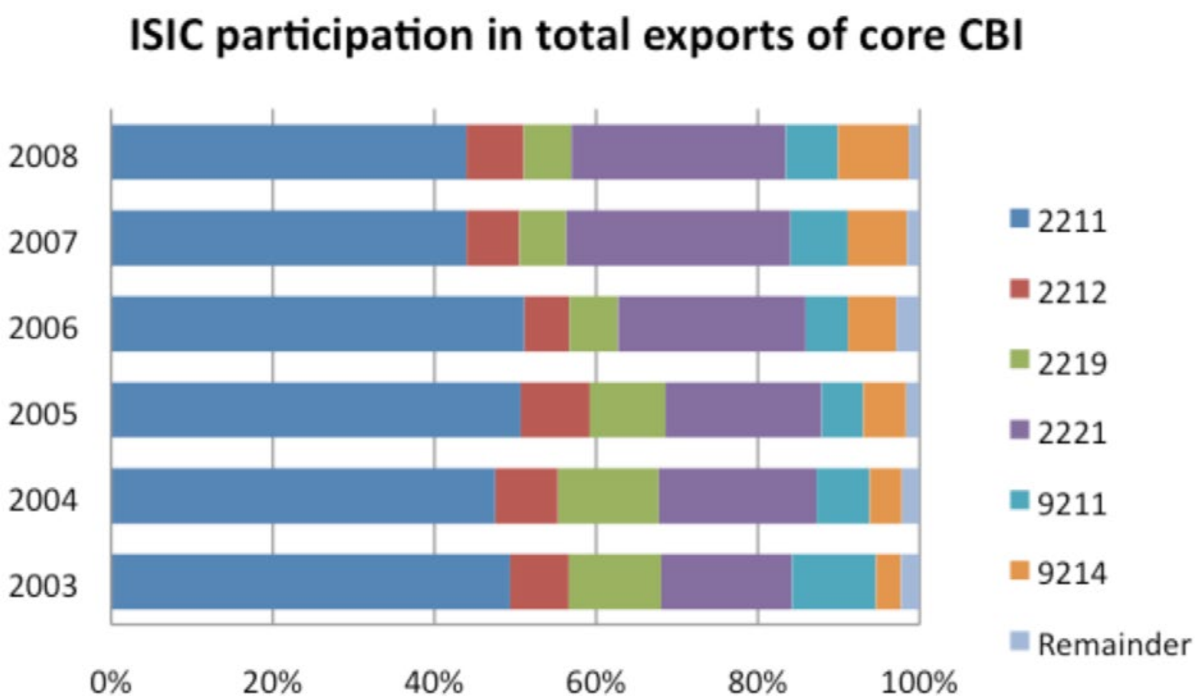
Figure 9: **Composition of exports**



Source: Own estimates

The following chart (Figure 10) shows the composition of exports by ISIC of the core industries during the period.

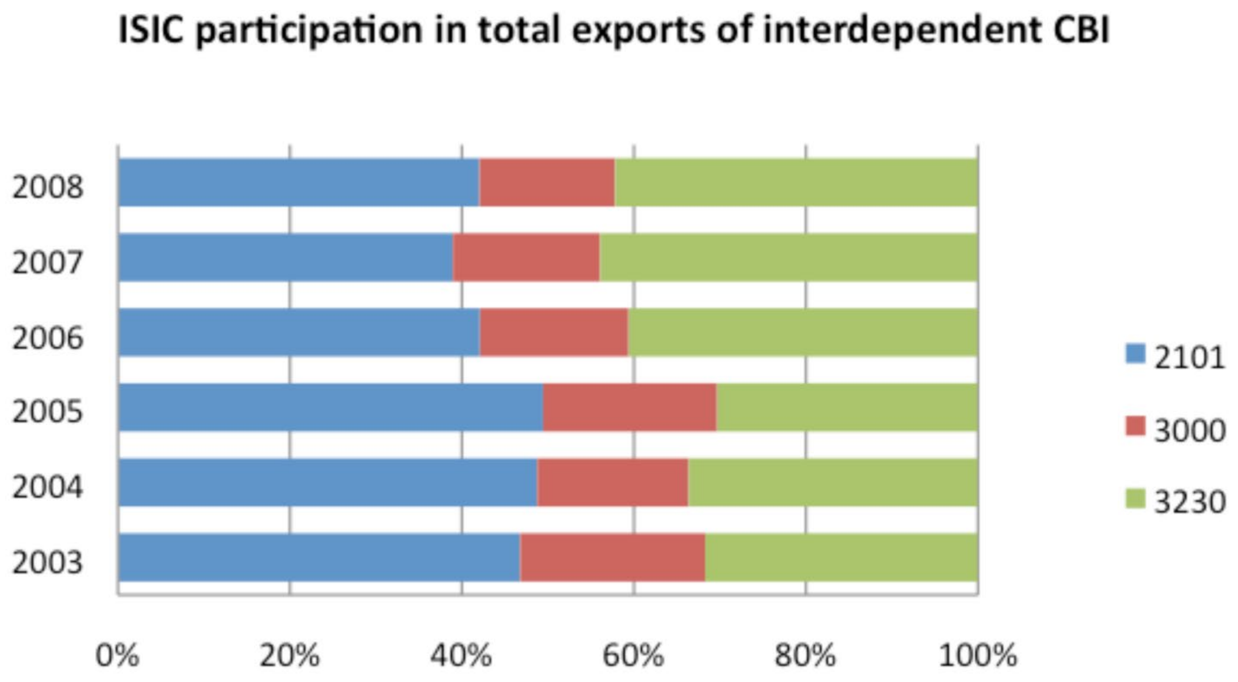
Figure 10: **Exports by ISIC in the core industries**



Source: Own estimates

The interdependent industries were the most important ones in terms of exports, participating on average with 55%, with a peak of 59% in 2007 and a minimum of 50% in 2005. The most important industries in this category were paper manufacturing and TV, CD and DVD players manufacturing, etc. The following chart (Figure 11) shows the exports composition by ISIC of interdependent industries during the period.

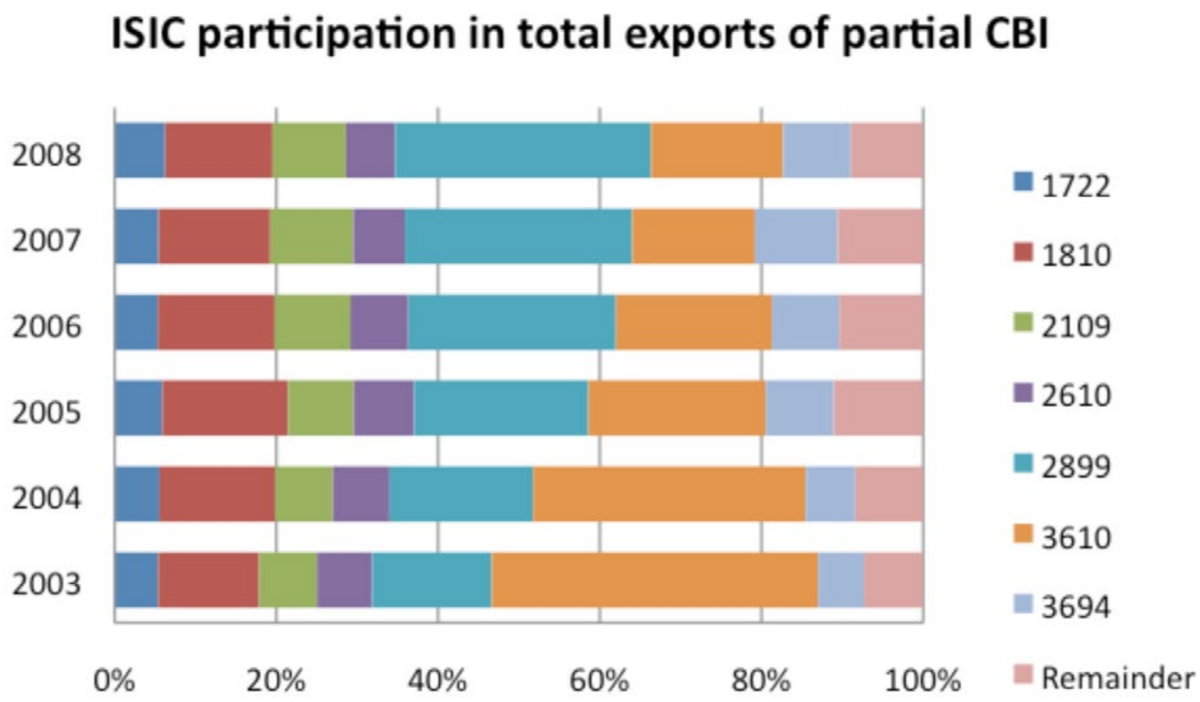
Figure 11: Exports by ISIC in the interdependent industries



Source: Own estimates

The partially dependent industries contribute approximately 11% of exports. As can be seen in the next chart (Figure 12), the most important industries of this category are the manufacturing of appliances, porcelain and glass products and furniture.

Figure 12: Exports by ISIC in the partially dependent industries



Source: Own estimates

6.5 Imports

In the case of imports, the same methodological process was followed as for exports. After converting the foreign trade database to ISIC, both the statistical correction coefficients and the copyright factors were analyzed. Cases were identified in which the participation of products protected by copyright in each ISIC classification was not necessarily the same in exports and in value added. Precisely, the country imports goods that are not produced locally.

If the information was available, specific correction factors for imports were estimated. In the rest of the industries, the same correction factor as applied to the value added was used.

Industries which have a specific correction factor for imports are:

Publishing: In this case all the imported material is protected by copyright.

Pre-printing, printing and post-printing of books, magazines, newspapers and advertising material: All imports are protected by copyright, thus the factor is one.

Photographic studios and commercial photography: there are no imports of photo processing for final consumers. This activity represents an important part of the value of production of this branch.

Paper: A coefficient was estimated to show the contribution of paper for press and printing paper for other uses to the total of imported paper. In order to make this estimation, the imports database by MERCOSUR classification was used without the conversion to ISIC.

Photographic and cinematographic instruments: This ISIC also includes optic elements. As mentioned in the explanation of value added, the greatest part of photographic and cinematographic equipment is imported. For this reason, in this instance, the coefficient used is greater than that applied for value added.

Musical Instruments: This activity is grouped with jewelry, bijouterie, sports articles, and manufacturing of games and toys. When the coefficient to estimate the value added was very low – due to the fact that the majority of these products are imported – the correction factor was re-estimated taking imports by customs classification.

In the following tables (Tables 34 & 35), CBI imports are shown by type and their contribution to total imports during the period under study.

Table 34: Imports

In thousands of US Dollars CIF

Industries	2003	2004	2005	2006	2007	2008
Core	73,903	112,467	161,022	180,282	142,540	194,685
Interdependent	918,879	1,516,702	2,098,335	2,456,960	2,688,538	2,991,307
Partial	33,075	51,165	65,317	82,650	106,755	142,116
CBI imports	1,025,857	1,680,334	2,324,673	2,719,892	2,937,833	3,328,108
Total imports	**13,850,774**	**22,445,281**	**28,686,893**	**34,153,683**	**44,707,463**	**57,462,452**
CBI imports in TOTAL	**7.4%**	**7.5%**	**8.1%**	**8.0%**	**6.6%**	**5.8%**

Source: Author's estimation

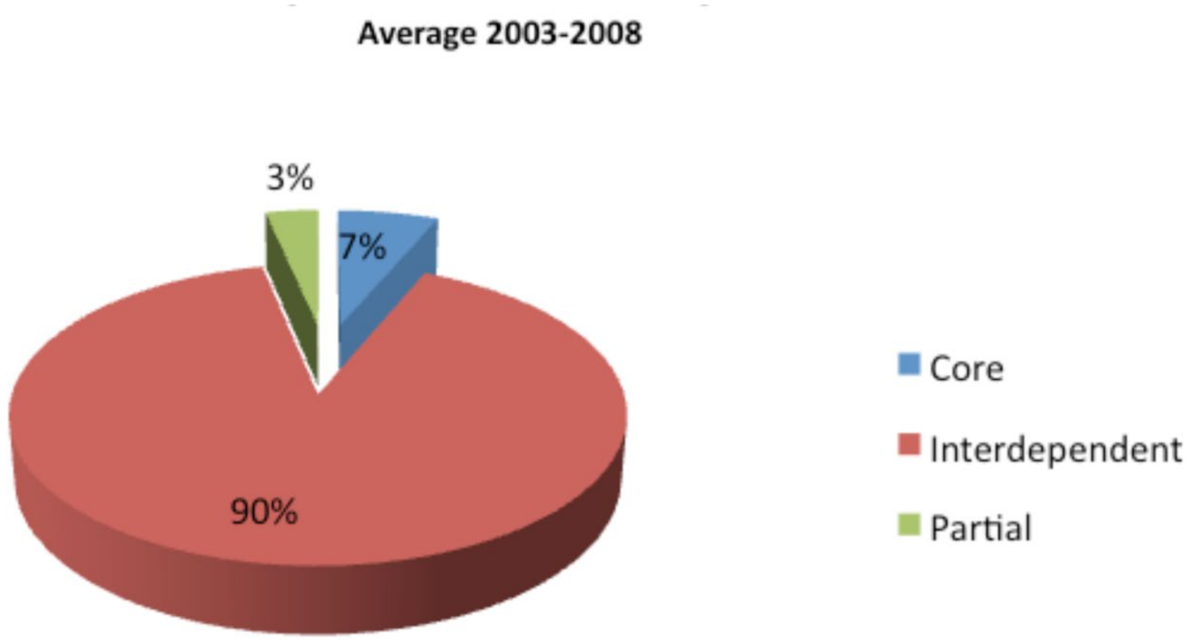
Table 35: Composition of imports by type of industry

	2003	2004	2005	2006	2007	2008
Core	7%	7%	7%	7%	5%	6%
Interdependent	90%	90%	90%	90%	92%	90%
Partial	3%	3%	3%	3%	4%	4%
CBI Imports	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Own estimates

In the following chart (Figure 13), the average contribution of each CBI industry in the total of CBI imports can be observed.

Figure 13: Composition of imports

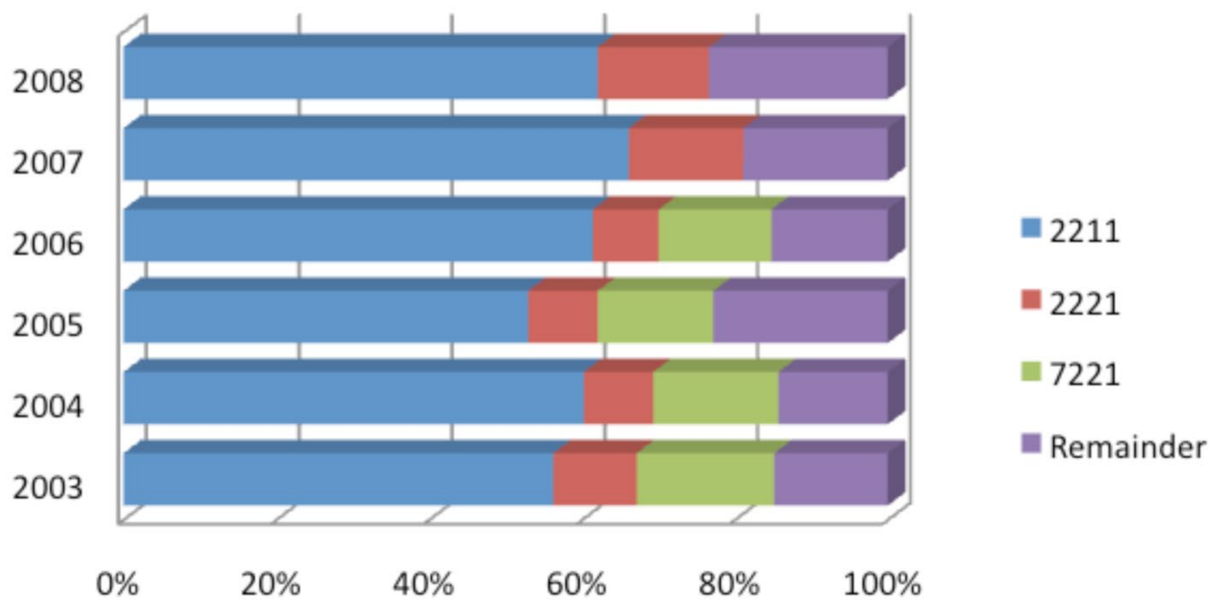


Source: Own estimates

In relation to the composition of imports of CBIs, the greatest part, 90%, refers to interdependent industries. Core industries participate with 7% and partially dependent industries with 3%.

Within core industries, the greatest part is related to books, as can be seen in the next chart (Figure 14).

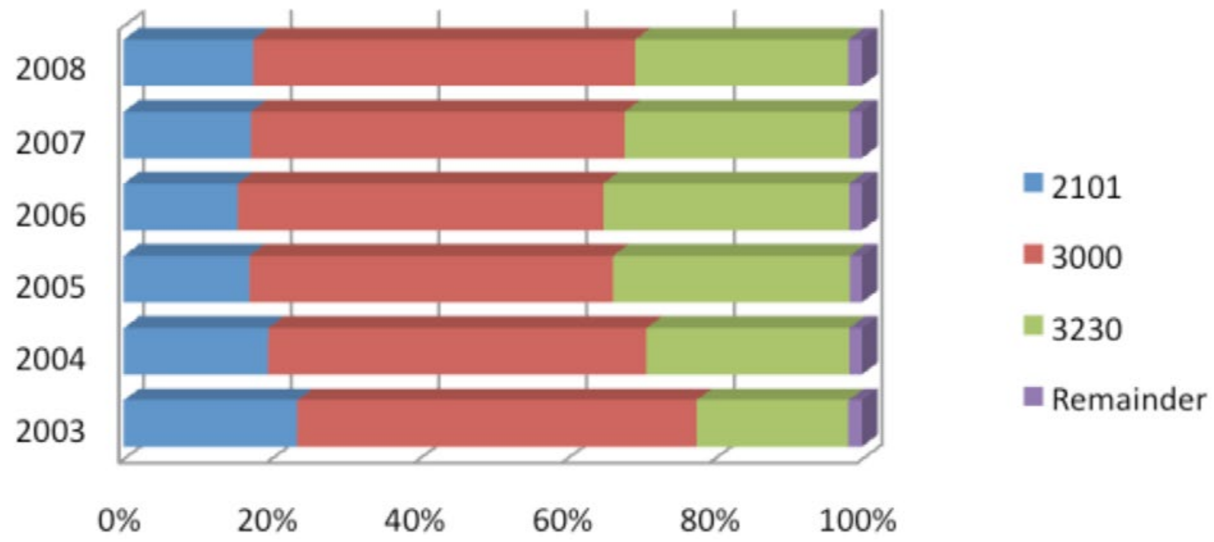
Figure 14: ISIC participation of core CBIs in total imports



Source: Own estimates

Within the imports of the interdependent industries, the ones that basically stand out are the imports of computers and equipment, followed by imports of TV, DVD and CD players, etc. as well as paper for newspapers and for printing in general (Figure 15).

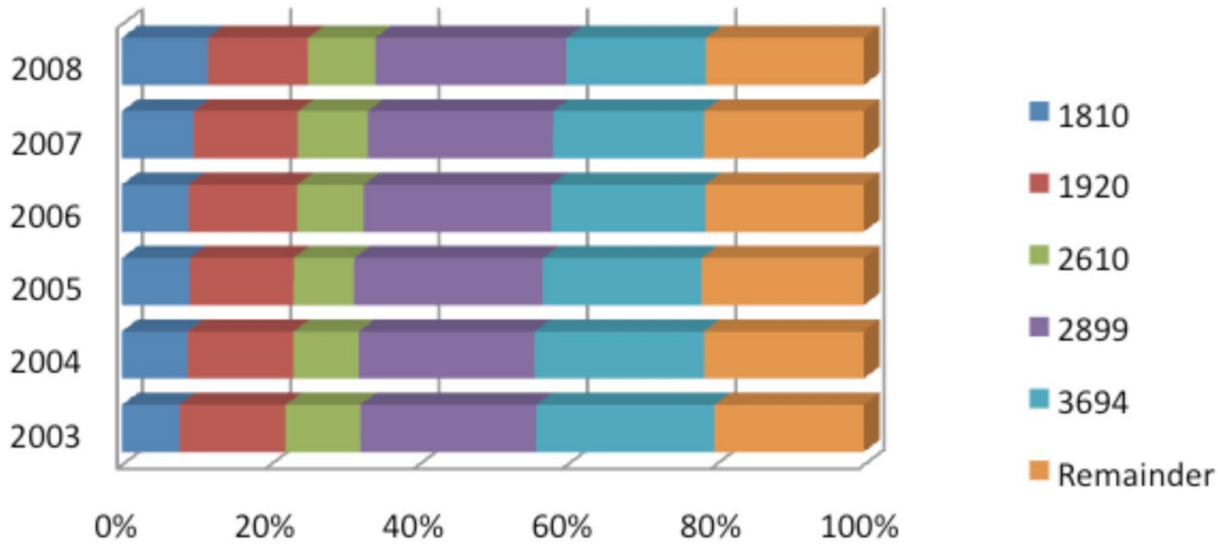
Figure 15: ISIC participation of interdependent CBI in total imports



Source: Own estimates

In the partially dependent industries (Figure 16), the main imports are domestic appliances, porcelain and glass products and games and toys.

Figure 16: ISIC participation of partial CBIs in total imports



Source: Own estimates

6.6 Trade balance of the CBIs

As shown in the next table (Table 36), the goods trade balance of the CBIs exhibited a deficit during all the period for all types of CBIs, that is to say, for core, interdependent and partially dependent industries.

Table 36: CBI Trade Balance

(in thousands of US Dollars)

Industries	2003	2004	2005	2006	2007	2008
Core	-12,828	-37,365	-68,547	-69,045	-44,801	-81,611
Interdependent	-816,809	-1,389,824	-1,978,198	-2,297,840	-2,504,526	-2,815,078
Partial	-9,018	-24,839	-38,987	-52,217	-74,455	-103,001
CBIs balance	-838,655	-1,452,028	-2,085,732	-2,419,102	-2,623,782	-2,999,690

Source: Own estimates

These estimates show that the country is a net importer of products coming from industries related to copyright. This deficit is determined by the high amount of imports of interdependent industries.

6.7 Exports and imports of services

Exports and imports of services related to CBIs are all transactions of non-factor services related to CBIs, that is to say, those transactions do not derive from factors of production but from services provision derived from the possession of real or financial goods.

In order to quantify the exports and imports of services, it was necessary to resort to the Balance of Payments estimates made by the Directorate of International Accounts of INDEC.

Computer and information services, advertising services, audio-visual services and royalties were identified and included in the estimation. Within royalties, copyrights were identified, due to the fact that the first category also includes licenses, patents and registered trademarks which should not be included.

Within services, the growth of computer and information services, advertising and audio-visual services stands out notably above their imports. Thanks to these services, the balance increased by a billion USD during the period under observation.

Export services grew during the period (from beginning to end) by 417% while imports grew by 153%.

All services had a positive balance during the entire period, which increased during the period, with the exception of royalties that presented a small negative balance.

In contrast to the goods trade balance, the services balance showed a surplus and, therefore, it can be concluded that during the period studied Argentina was a net exporter of services related to the copyright-based industries.

Table 37: Exports and imports of CBI services

(in millions of US dollars)

SERVICES	2003	2004	2005	2006	2007	2008
EXPORTS						
Computer and information	166	193	238	378	655	894
Copyright royalties	13	15	14	24	27	24
Advertising	45	97	174	240	313	403
Audio-visual	118	144	192	241	305	470
TOTAL	**342**	**450**	**619**	**894**	**1299**	**1790**
IMPORTS						
Computer and information	139	160	195	226	310	378
Copyright royalties	22	33	37	48	50	74
Advertising	18	24	21	37	41	65
Audio-visual	108	143	165	171	205	245
TOTAL	**287**	**360**	**418**	**472**	**606**	**761**
BALANCE						
Computer and information	26	33	43	152	344	516
Copyright royalties	-9	-18	-23	-24	-23	-50
Advertising	27	74	153	203	273	338
Audio-visual	10	1	27	69	100	225
TOTAL	**54**	**90**	**200**	**400**	**693**	**1029**

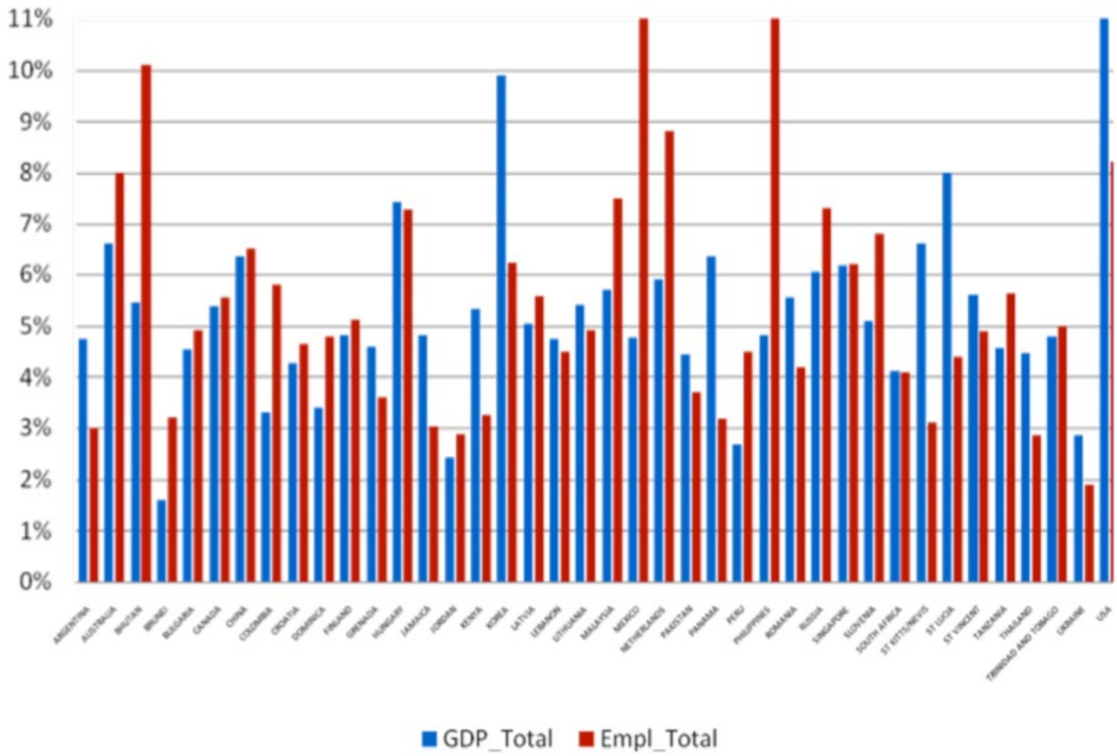
Source: Own estimates based on INDEC information.

7. INTERNATIONAL COMPARISONS OF CBI CONTRIBUTION TO GDP AND EMPLOYMENT

Recently, several countries have made studies similar to this one, based on the WIPO Guide (2003) that allows for comparisons based on a common methodology. This section compares the contribution of CBIs to GDP and employment in Argentina and other countries where similar studies have been carried out.

The next chart (Figure 17) shows the CBI contribution to GDP and to employment in each of these countries.

Figure 17: CBIs' contribution to GDP and employment



Source: WIPO and own estimates for Argentina

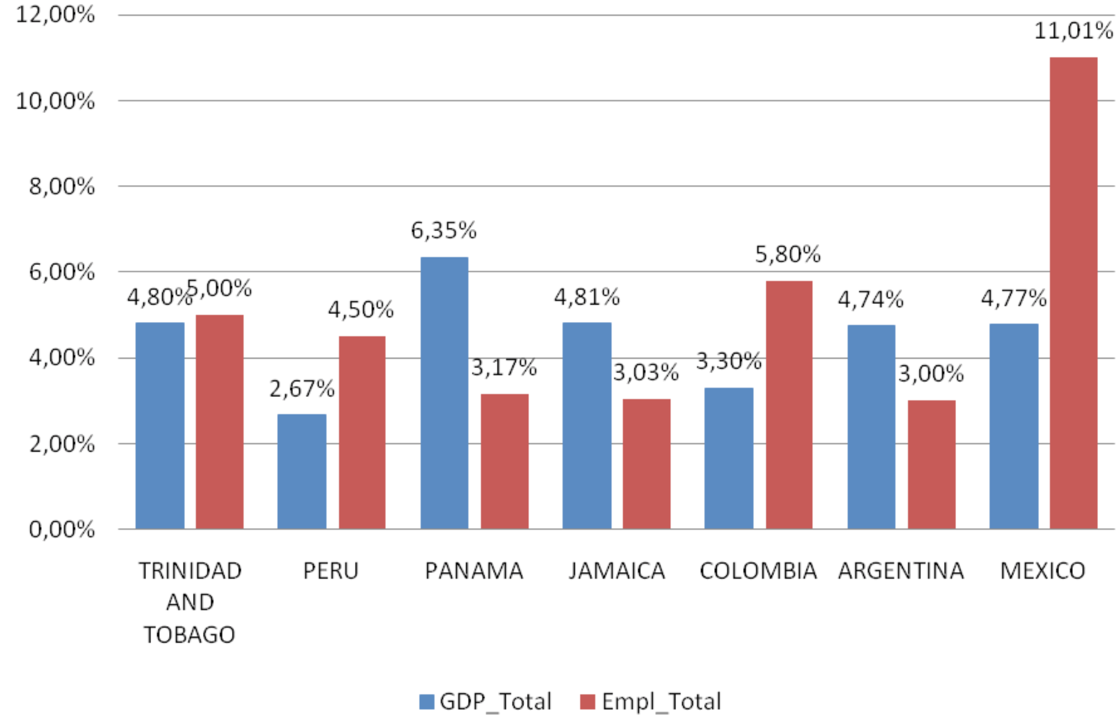
The highest contribution to GDP is in the USA, followed by Korea. In terms of employment, the highest contribution is from the CBIs of Mexico and the Philippines.

Within Latin America and other Central America countries, the highest contribution to GDP is in Panama, while the highest contribution to employment is made by CBIs in Mexico.

Argentina, with 4.8%, shows a similar contribution of the rest of the countries of Latin America, with the exception of Panama which has a higher contribution (6.4%) and Peru and Colombia which are below the regional average.

In relation to the CBIs' contribution to employment, Mexico's contribution stands out with 11%, followed by Trinidad and Tobago, Colombia and Peru. Argentina is part of the group with a lower contribution, circa 3%, with Jamaica and Panama.

Figure 18: Contribution of CBIs to GDP and employment in Latin and Central America



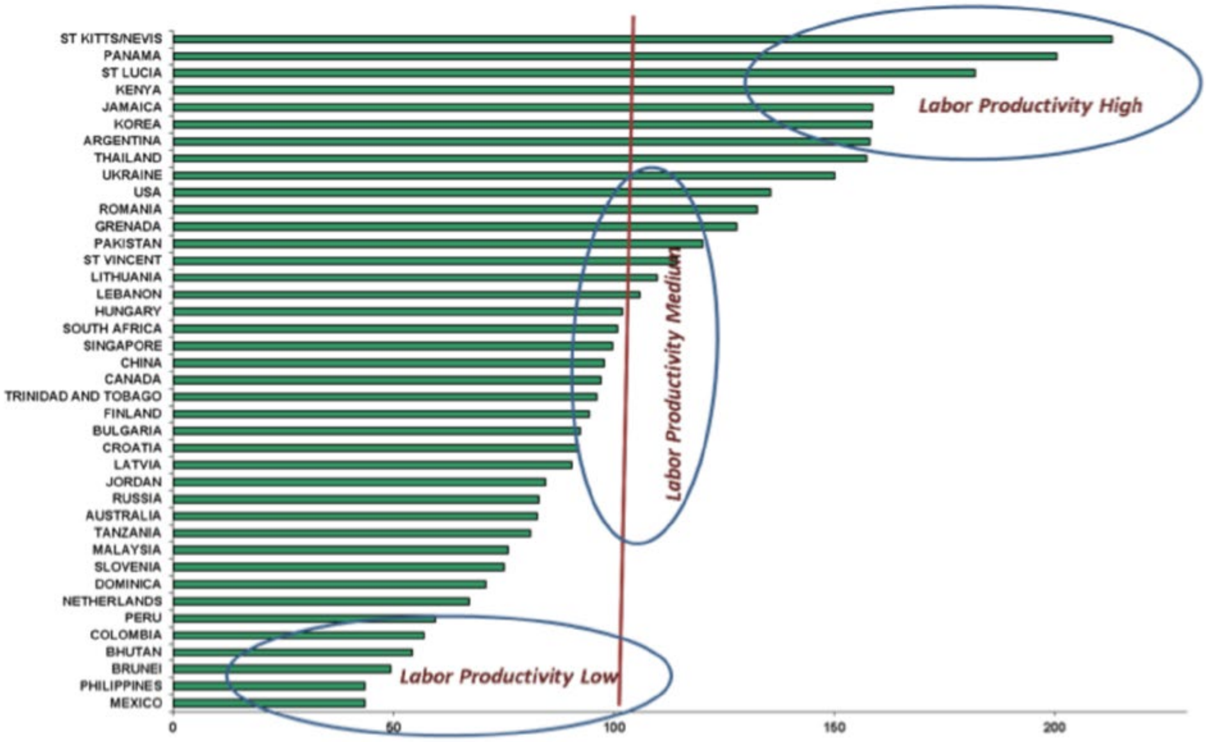
Source: WIPO and own estimates for Argentina

The next chart (Figure 19), elaborated by WIPO, shows labor productivity in CBIs and includes this study's estimates for Argentina.

Countries have been classified into high, medium and low productivity. Due to the relative indicators of value added and employment shown above, Argentina is included in the group with high labor productivity in CBIs.

Even though the WIPO Guide was used in the study of Argentina, the statistical treatment applied in this study is more precise than in other cases. For instance, with the aim of measuring exclusively the weight of those activities protected by copyright, statistical correction coefficients were applied for the core and interdependent activities. This correction methodology was not applied in the rest of the case studies. Therefore, this methodology option resulted in a more conservative estimate of the contribution of CBIs both to GDP and employment. This adjustment to the methodology is one of the factors to be taken into account when analyzing CBI economic indicators, which are shown here in a comparative way at world level.

Figure 19: CBI Labor Productivity



Source: WIPO and own estimates for Argentina

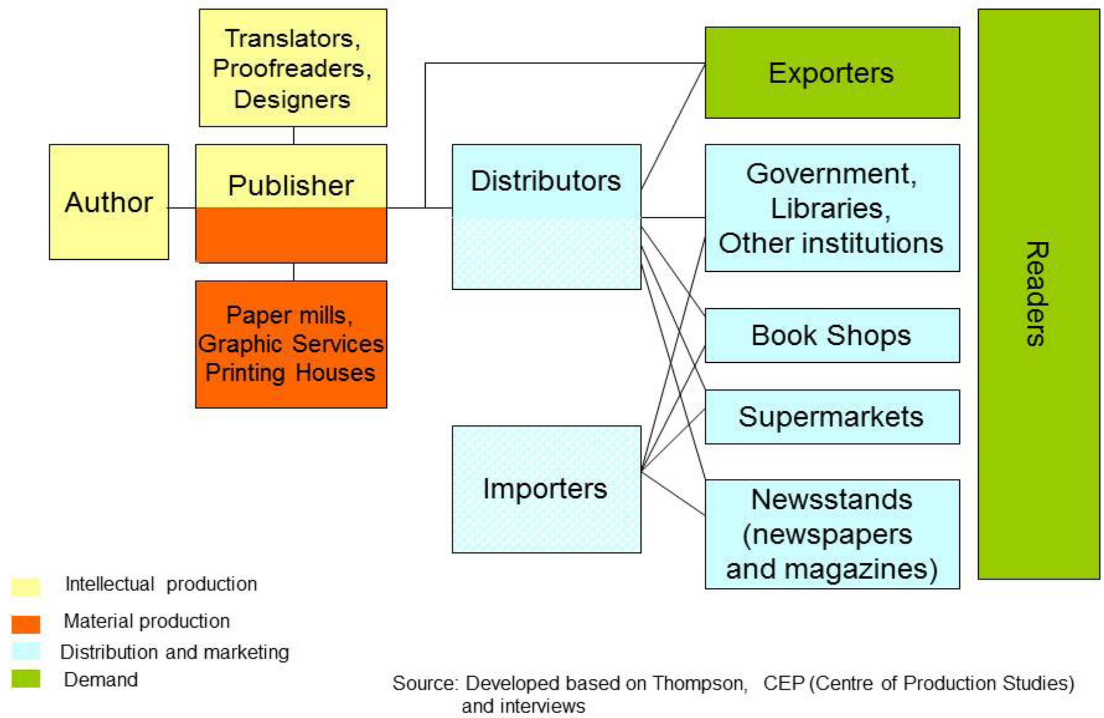
8. ANALYSIS OF ECONOMIC SECTORS RELATED TO ACTIVITIES PROTECTED BY COPYRIGHT

This section shows the characteristics of a number of Argentine markets, which were selected because of their relation to activities involving copyright.

8.1 Book industry

From the perspective of a production chain, books are the result of the interaction of various parties who independently carry out activities and tasks to create a product which then reaches readers. This process consists of activities involving intellectual production, material production, distribution and marketing (CEP, 2005), as can be seen in the following chart (Figure 20):

Figure 20: Book production chain



Source: Developed based on Thompson, CEP (Centre of Production Studies) and interviews

Intellectual production starts with an author creating a piece of work, and it is then followed by a series of product development activities including various stages such as style correction, translation, preface writing, book design, illustrations and quality control, to define the product that will reach readers. These latter tasks are carried out either by a publisher or by third parties. The product content and characteristics are then shaped by both the author and the publisher.

The relation between these two parties can be:

- Direct: a) An author creates a piece of work and offers it to a publisher; b) A publisher commissions a writer for a piece of work. This can include a 'ghost writer', i.e. a writer who creates the piece of work but who is not regarded as its author *per se*.
- Indirect: Both parties get into contact through a literary agent. In general, this applies to well-known writers, or else to strategic processes to develop new markets for pieces or work.[24]

[24] 'Despite the fact that this is not widely done in Argentina, these agents are the ones who represent copyright, and who are in charge of finding a publisher to publish their clients' pieces of work, as well as of negotiating contracts.' CEP (2005)

Material production refers to the physical production of the piece of work, which includes editing the original copy, design and layout of the pages, correcting drafts and graphs, printing and bookbinding, carrying out press release activities (institutional communication and promotion) and marketing (product presentation strategies and display at points of sale.[25])

Since it is the publisher that performs the coordination of both these production stages, it will decide what will be published when developing its catalogues and which pieces of work will appear in them. The publisher will also determine what format will be used, and the presentation type and level of display of each piece of work. Taking this into account, it is possible to estimate the production volumes, number of copies and consequently their price as well, considering the trade and strategic considerations of this business.

Finally, book distribution and marketing – including that of imported books – is done through wholesale distributors (some of them having regional scope) and retail distributors, including bookshop chains, booksellers, news-stands, supermarkets and the internet. Some publishers even take on distribution of their own productions. It is through these channels, then, that books reach their readers.

8.1.1 *How does the publishing market work?*

The book market revolves around the author and the publisher, as they are its leading figures. The former is in charge of creating the symbolic content of each piece of work, without which there would be no book (Getino, 2008). The writer must register his piece of work under his name to preserve his property rights, both moral[26] and patrimonial. The publisher, in turn, collects copyright royalties, having entered into a contract, with time and territory restrictions, to organise the production of the piece of work. The publisher grants the author a percentage of the front cover price of the piece of work, which is usually around 8-10%.[27] In general, it is the publisher who takes the risk of the whole activity on his own behalf; cases of publishers who only print a piece of work are exceptional.

The publisher registers the piece of work by requesting its ISBN[28] (International Standard Book Number) and then registering the copyright and the publisher rights.[29] He is also responsible for duly notifying the author of the number of copies printed each time his piece of work is published and/or republished. The publisher holds the rights related to printing, promotion and sale, including subsidiary rights.[30]

It is possible to estimate the physical production of the publishing market by analysing the total number of titles which were registered by publishing houses, author-publishers, public and private institutions, universities, newspapers and other agents, and which are distributed in the domestic market through the various marketing channels or that are delivered free of charge. From these data, it was observed that in 2011 the total number of titles published in Argentina was 31,142, and nearly 118 million copies, most of them being novelties, which accounted for approximately 85% of the total.[31]

These figures show some growth in comparison with the previous year, with a year-on-year increase of around 18% for the number of published titles and of 55.8% for the total number of printed copies.

[25] In general, this is something that is usually done for so-called 'big books'.

[26] Moral rights include the right of recognition of the authorship of the piece of work, and the author's right to preserve the integrity of his work, that is to say, his right to demand loyalty to the text and title, and to oppose having his work modified

[27] In meetings held with various market agents it was informed that towards the end of 2012, publishing houses set different fees depending on the genre. Literature was given an average fee of 10%, Law books between 10-15%, and pocket editions or children's literature 6%.

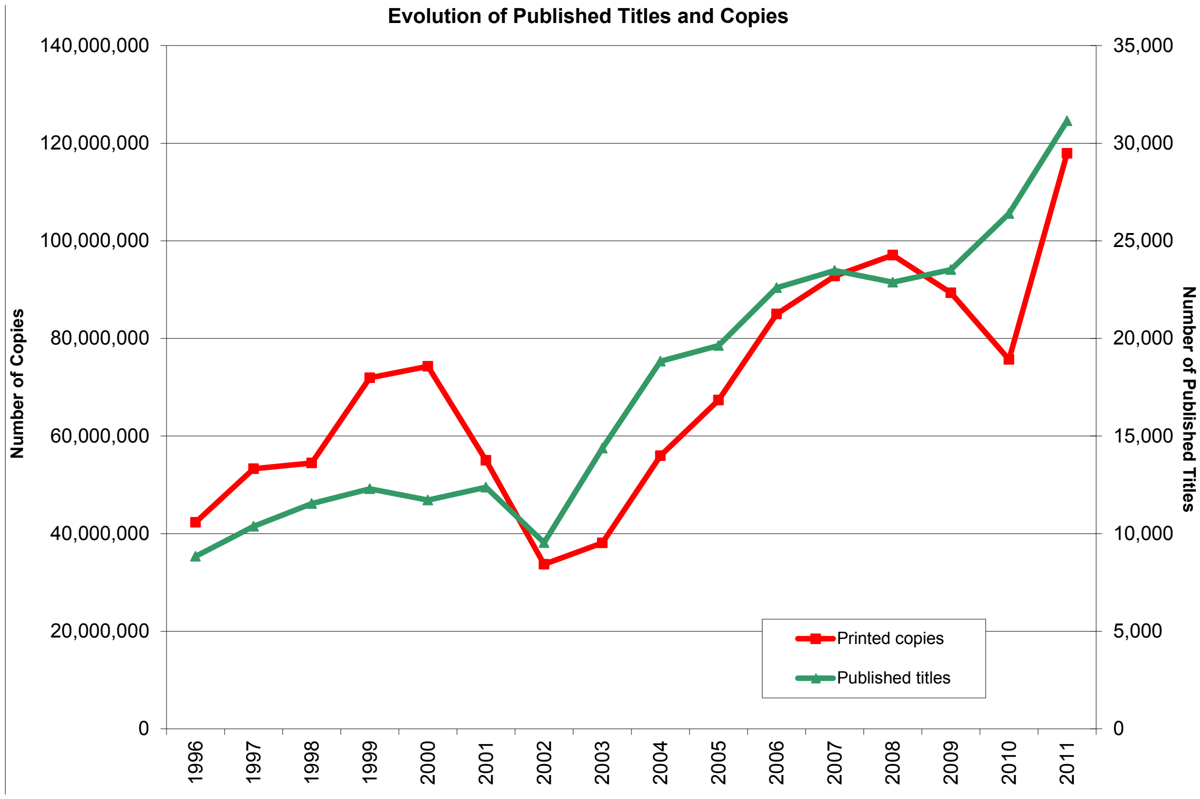
[28] Under Act 22399/81 all books published in Argentina must bear the printed International Standard Book Number, which is administered by CAL (Publishers Association of Argentina).

[29] The law sets forth that this is to be done, at the latest, 90 days after getting the ISBN number, and shall be performed before the DNDA ('Dirección Nacional de Derecho de Autor': National Copyright Office), under the Ministry of Justice and Human Rights of Argentina.

[30] These refer to the services provided by translators and preface writers.

[31] Reprinting data may be underestimated, since it is not compulsory to include this information in the registration process. Source: CAL Statistics Annex, 2012 Report.

Figure 21: Published book titles and copies 1996-2011



Source: Developed using data from CAL (Publishers Association of Argentina), published by SInca (Cultural Information System of Argentina)

It can be seen that from 2002 the number of published titles was soaring, but the increase was slower towards 2005, a year in which it levelled off (+4.3%). From 2005 the number of titles remained constant but with some fluctuation until 2007, recording a slight decrease in 2008. Subsequently, the number of titles began rising more steeply year after year, recording in 2011 the highest year-on-year growth point in the last seven years.

Starting from 2002 there was an increase in the number of printed copies, though there was some fluctuation until 2009, when there was a 2-year slowdown. In 2011, numbers started going up once again but this time rising quite abruptly (+55.8%).

Therefore, it can be observed that the dynamics of both variables are related to the country's level of economic activity. There was a decrease in the activity during the years of economic crisis such as in 2001 and 2002, or in 2009 and 2010.

From a different perspective, the dynamics of the two variables presented have also been reflected in the Average Printed Copies per Published Title Index. In 2011 the index registered an average 3,787 copies, still below the records of the late 1990s five-year period – which always registered more than 4,000 copies per title – and below the relative maximum observed in 2008, which registered an average 4,244 copies, following recovery after the 2001-2002 economic crisis (+60%).

As for the geographic location of this activity, there is major concentration in the area of the City of Buenos Aires, for production of both published titles and printed copies. According to CAL (Cámara Argentina del Libro: Publishers Association of Argentina) in 2011, 69% of published titles and 80% of printed copies were produced by publishing houses located in the City of Buenos Aires, whose share in the total production was similar to the one recorded in previous years (CEDEM, 2011).

The next major jurisdiction is the province of Buenos Aires, with regard to both published titles and number of copies, thus showing that the publishing industry is highly concentrated in just two geographical areas.

The number of registered publishing houses in 2010 was 2,645 according to data published by CEDEM (2011 b), which implies a 13.6% increase compared to the previous year. Even though the sector records a year-on-year rise in the number of publishing houses, which is also mirrored by the sector's general activity, the dynamics observed between the agents are neither homogeneous nor constant. In fact, according to sources used for the study, just over 350 publishing houses (approximately 13% of all) have registered new works for ISBN for at least five consecutive years, which means that the activity of most publishing houses may vary from year to year.

On the other hand, it is also interesting to look at the structure of this market, which can be analyzed in terms of the share of each publishing house in the total production of either published titles or printed copies. In 2011, 40% of titles were published by 24 publishing houses, with the three that have the largest number of titles – more than 1,000 titles each – concentrating 15.4% of the market share.

Table 38: Published books, 2011

Trade Name	Number of Published Titles		
	Total	%	Accumulated
Vi-Da Global S.A.	2,061	6.62%	6.62%
Edición del Autor	1,629	5.23%	11.85%
Random House Mondadori S. A.	1,106	3.55%	15.40%
Aguilar, Altea, Taurus, Alfaguara S.A. de Edic.	995	3.20%	18.60%
Editorial Dunken S.R.L.	662	2.13%	20.72%
Grupo Editorial Planeta S.A.L.C.	567	1.82%	22.54%
Editorial Guadal S.A.	465	1.49%	24.04%
Universidad Nacional del Litoral – Ediciones UNL	455	1.46%	25.50%
Arte Gráfico Editorial Argentino S.A. – Clarín	451	1.45%	26.95%
Ediciones Santillana S.A.	440	1.41%	28.36%
Francisco Javier Etchelecu	435	1.40%	29.76%
Editorial Vértice S.R.L.	324	1.04%	30.80%
La Ley Editora e Impresora	315	1.01%	31.81%
Asociación Casa Editora Sudamericana	295	0.95%	32.76%
Editorial Sigmar S.A.C.L.	281	0.90%	33.66%
Sociedad de San Pablo	231	0.74%	34.40%
Longseller S.A.	226	0.73%	35.12%
Tinta Fresca Ediciones S.A.	221	0.71%	35.83%
Kapelusz Editora S.A.	219	0.71%	36.54%
Alque Grupo Editor S.A.	217	0.71%	37.23%
Gárgola Ediciones S.R.L.	213	0.68%	37.92%
Editorial Estrada S.A.	201	0.64%	38.56%
Errepar S.A.	199	0.64%	39.20%
Ediciones Lea S.A.	195	0.63%	39.83%
Sub-Total	**12,403**		
Other Publishing Houses	**18,739**		**60.2%**

Source: Data from CAL (Publishers Association of Argentina), published by SInca (Cultural Information System of Argentina)

Market share measured in terms of the number of copies indicates that the top 24 publishing houses account for 74% of the total, three of them having the largest number of printed copies and thus concentrating 43% of the total, and the first one of them accounting for 26.7%. Despite the fact that market distribution is more concentrated when measured using this variable, it must be noticed that the publishing houses that lead this ranking in the first three positions are not the same as the ones in the previous case (the first one to coincide is in position 5 of this ranking.)

It should also be considered that the printed copies ranking is led by a multimedia conglomerate (print media, television, radio, etc.), which occupies position number 9 in the published titles ranking (accounting for 1.45% of the total). It is followed by a publishing house which, measured in terms of published titles, holds position number 14, and by Argentina's Ministry of Education, which is not among the major publishing houses regarding published titles.

Likewise, out of the three major publishing houses in terms of number of published titles in 2011, only the one in position 3 appears in position 5 of the printed copies ranking. The other two publishing houses are not part of the ranking of the main firms, appearing after position 24 (less than 0.75% of the market).

Table 39: Printed copies, 2011

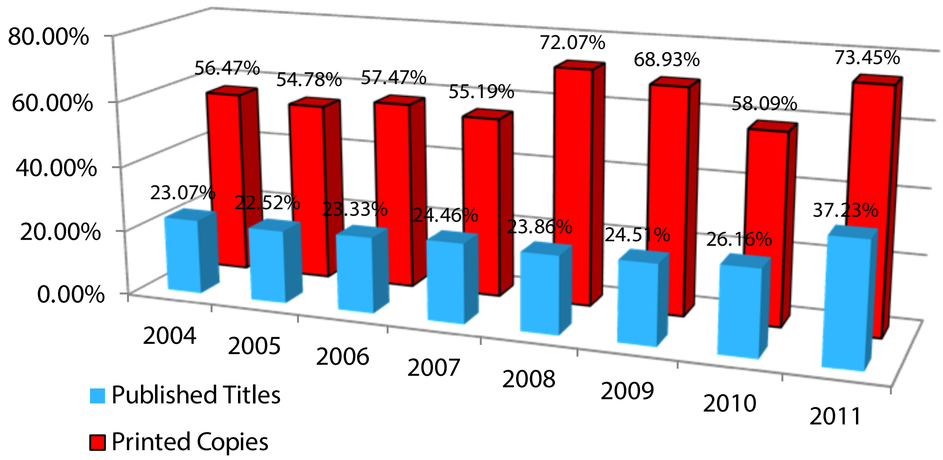
Name	Number of printed copies		
	Total	%	Accumulated
Arte Gráfico Editorial Argentino S.A. – Clarín	31,214,000	26.47%	26.47%
Asociación Casa Editora Sudamericana	10,303,320	8.74%	35.21%
Ministerio de Educación de la Nación	8,871,776	7.52%	42.73%
Editorial Vértice S.R.L.	7,208,224	6.11%	48.84%
Random House Mondadori S.A.	6,047,123	5.13%	53.97%
Aguilar, Altea, Taurus, Alfaguara S.A. de Edic.	3,013,093	2.56%	56.52%
Atlántida S.A.	2,389,100	2.03%	58.55%
Ediciones Visuales Alberdi S.A. – EVIA Ediciones	1,991,000	1.69%	60.24%
Grupo Editorial Planeta S.A.I.C.	1,855,889	1.57%	61.81%
Ediciones Santillana S.A.	1,636,800	1.39%	63.20%
Tinta Fresca Ediciones S.A.	1,623,784	1.38%	64.58%
Aique Grupo Editor S.A.	1,463,900	1.24%	65.82%
Editorial Estrada S.A.	1,432,355	1.21%	67.03%
Editorial Guadal S.A.	1,366,800	1.16%	68.19%
Kapelusz Editora S.A.	1,141,264	0.97%	69.16%
Editorial Puerto de Palos S.A.	1,040,753	0.88%	70.04%
Ediciones Larousse Argentina	1,029,000	0.87%	70.92%
Matías Martino Editor	1,016,000	0.86%	71.78%
Ediciones Lea S.A.	991,800	0.84%	72.62%
Longseller S.A.	980,734	0.83%	73.45%
Sub -Total	**86,616,715**		
Other Publishing Houses	31,310,152		26.6%
Total overall	**117,926,867**		

Source: Data from CAL (Publishers Association of Argentina), published by SInca (Cultural Information System of Argentina)

The following graph (Figure 22) shows the dynamics of these two indicators since 2004. It shows that the group of the major publishing houses in terms of published titles stood at an even share of around 23% until 2009, and then experienced a two-year period in which figures started going up steadily until reaching the period's peak of nearly 37%.

Regarding the number of printed copies during the same period, the market share of the major publishing houses was closer to the total, with a base of around 55% and fluctuations which were particularly marked between 2008 and 2011.

Figure 22: **Share of the top 20 major publishing houses in total number of titles and copies**



Source: Developed using data from CAL (Publishers Association of Argentina), published by SInca (Cultural Information System of Argentina)

Another important aspect is to know which publishing companies occupy the top positions in the ranking and whether their positions are stable. Regarding the ten major publishing houses in terms of published titles during 2004-2011 (Table 40), it can be seen that they underwent changes in their positions. Nine out of the ten publishing houses that were part of this group in 2004 moved downwards in the ranking to occupy positions below number 10 just six years later. Likewise, some of the repositioning observed for published titles was marked and took place from one year to the next (as for example, in the case of Beascoa, Diana and Esencia), which seems to show that the market is dynamic and operates in a competitive context.

Table 40: **Publishing houses sorted by number of published titles**

Order of preference in the yearly ranking. 2004-2011 Period

Name/Imprint	2004	2005	2006	2007	2008	2009	2010	2011
Beascoa	1	2	2	1	1	1	1	>24
Dunken	2	1	1	2	2	2	2	5
La Ley	3	3	13	8	6	8	9	13
Diana	4	4	3	4	9	>24	>24	>24
San Pablo	5	8	5	5	8	11	15	16
Esencia	6	19	8	9	13	4	4	>24
Losada	7	16	21	17	>24	>24	>24	>24
Paidós	8	17	>24	>24	>24	>24	>24	>24
De Los Cuatro Vientos	9	5	6	3	14	15	22	>24
Colihue	10	18	>24	>24	>24	>24	>24	>24

Source: Developed using data from CAL (Publishers Association of Argentina), published by SInca (Cultural Information System of Argentina)

Competition in the book market is based on a high differentiation between products, which is consistent with the quote *'no two books are the same'*.

According to the participants in this market, the publishing business works on a trial and error basis, with a low margin and high risk, since there is no possibility for products to be 'tested' as other consumer goods usually are. Furthermore, there is virtually no value in the 'brand' (publishing house), since in almost all thematic segments in the publishing world, the main determining factors when a customer purchases a book are only either the book's author or its content (CEP, 2005).

Taking the latter into account, thematic segmentation of the market allows us to understand how the book offer works. Firstly, thematic segmentation of published titles shows that 'literature', 'social and human sciences' and 'children and young adult'were the segments with the largest shares, reaching an approximate 24.4%, 20.3% and 11.9% respectively in 2010. It is the same scenario in the case of printed copies, in which the most popular segments are the same ones, together with 'textbooks', showing shares of approximately 19%, 17.9%, 18.6% and 15.7%, respectively, in comparison with the total.

8.1.2 *Competitors*

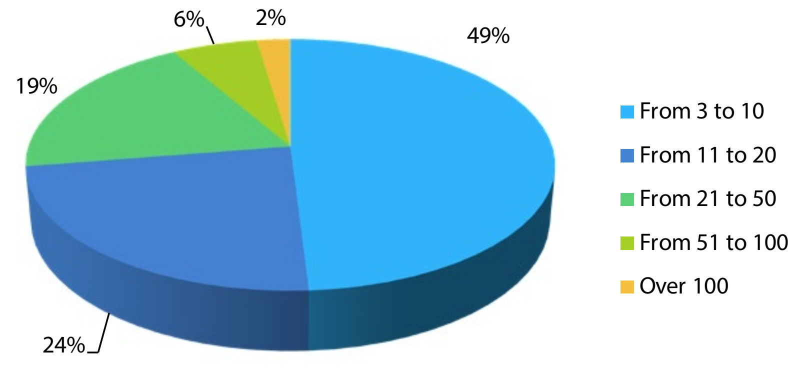
The publishing industry universe is heterogeneous, since within it there exist publishing companies *per se* together with academic institutions, cultural and social organizations that have their own publications, and even individual persons who publish their own books.

Even though since the mid-1990s there has been a concentration process due to the fact that large multinational publishing houses started entering the local market, they still have had to share the market with a vast number of small firms, especially local ones (OIC, 2011).[32]

One of the characteristics that makes it possible to recognize the competitors in a given market is the size of the participating firms. This can be estimated by assessing their activities, which, in this case, can be represented by their number of published titles.

According to a report by CERLALC (2008) using data from 2007, 49% of Argentinian publishing houses published between 3 and 10 titles, followed by publishing houses which published between 11 and 20 titles, which comprised 24% of the total number of published titles. The remaining 8% of other publishing houses published over 50 titles (Figure 23).

Figure 23: Market share by number of titles



Source: CERLALC, 2008

According to data provided by CEP (2005), towards 2004 publishing activities were developed by around 300 companies,[33] which can operate through various publishing houses. By grouping the companies per turnover range and the total number of titles involved, it is possible to claim that:

- Most companies (65%) within the publishing market are micro-companies, that is, businesses with a turnover of ARS 1,000,000 in 2004. They account for 25% of published titles. They are businesses which are majority-owned by domestic capital.

[32] It was not possible to estimate the market's degree of concentration, since there is no updated information about how the total book offer for published titles is distributed or about the size of each company.

[33] Data provided by CAL (Publishers Association of Argentina), an association grouping publishers, distributors, importers and booksellers. There is also CAP (Argentine Chamber of Publishers), whose members are also publishers, distributors and importers, a large number being multinational companies (CEP, 2005).

- The next group of companies with the largest share in the market is the medium-sized publishing houses, consisting of 18.5% of publishing houses, with a turnover of between ARS 5 million and ARS 45 million, and which account for 48% of published titles.

- The largest companies, with a turnover above ARS 45 million, represent 0.5% of the total number of businesses, and account for 10% of published titles. Multinational companies are especially important in this last group.

Table 41: Publishing houses and published books distribution by turnover and size

(Data 2004)

Company size	Turnover range (ARS)	Publishing houses sorted by their turnover range	Published titles sorted by their turnover range
MICRO COMPANIES	$ 1 – $ 100,000	23.0%	7.0%
	$ 100,001 – $ 250,000	19.0%	7.0%
	$ 250,001 – $ 500,000	7.0%	2.0%
	$ 500,001 – $ 1,000,000	16.0%	9.0%
SMALL COMPANIES	$ 1,000.001 – $ 5,000,000	16.0%	17.0%
MEDIUM COMPANIES	$ 5,000,001 – $ 10,000,000	5.0%	14.0%
	$ 10,000,001 – $ 25,000,000	12.0%	26.0%
	$ 25,000,001 – $ 45,000,000	1.5%	8.0%
LARGE COMPANIES	$ 45,000,000 and over	0.5%	10.0%

Source: CEP (2005)

The table below (Table 42) shows the different publishing houses sorted according to their share in each thematic segmentation of the market. It reflects the coexistence of companies owned by both domestic and foreign capitals, and specially the presence of medium and large companies in the most dynamic segments, which is a sign of contribution to competitive bidding.

Table 42: Major publishing houses sorted by theme

Sub division			Initial capital
Textbooks	Instructional material (primary and high school)	Ediciones Santillana (owned by Grupo Santillana together with Alfaguara, Aguilar, Altea y Taurus)	Spain
		Angel Estrada	Argentina
		Puerto de Palos	Argentina
		Ediciones SM (owned by Grupo SM)	Spain
		Kapelusz (owned by Grupo Editorial Norma)	Colombia
		Aiqué Grupo Editor (owned by Havas Group, which has merged with Editorial Larousse Argentina)	France
		A-Z	Argentina
	Languages	Pearson Education	England
		Mac Millan	England
		Oxford University Press	England
		Richmond Publishing (Grupo Santillana)	Spain
		Scholastic	United States

Table 42: Major publishing houses sorted by theme (continued)

Scientific, Technical, Professional	Legal	Grupo Lexis Nexis (belongs to Reed Elsevier)	Anglo-Dutch
		La Ley (owned by Thomson group)	Canada
		Rubinzal-Culzoni	Argentina
	Medicine	Médica Panamericana	Argentina
		Corpus	Argentina
		Journal Ediciones	Argentina
		Inter-Medica	Argentina
	Economy, Business, Administration, Marketing	Mc Graw Hill	United States
		Macchi Grupo Editor	Argentina
		Ediciones Granica	Spain
		Pearson Education	England
		Prentice-Hall	United States
	Social sciences	Fondo de Cultura Económica	Mexico
		Siglo XXI	Mexico
		Eudeba	Argentina
		Paidós	Argentina
General interest	Fiction, essays, novels, etc.	Grupo Planeta	Spain
		Sudamericana (its main shareholder is Random House Mondadori from Spain, owned by the German group Bertlesmann)	Germany
		Aguilar-Altea-Taurus_Alfaguara (Grupo Santillana)	Spain
		Vergara (owned by Ediciones B- Grupo Zeta)	Spain
		Editorial Atlántida	Argentina
		Grupo Editorial Norma	Spain
	Children´s	Ediciones Colihue	Argentina
		Alfaguara (Grupo Santillana)	Spain
		Sigmar	Argentina
Religious		Editorial San Pablo	Argentina
		Editorial Guadalupe (is owned by Grupo Editorial Verbo Divino)	Argentina

Source: CEP (2005)

8.1.3 *Book marketing and distribution*

Books are generally sold on a consignment basis, i.e. publishing houses deliver a certain number of books to bookshops to be sold and the bookshops have to report the number of copies they actually sell.At the end of the fixed sales term, the remaining copies are returned.[34] The firm sale system,which is fulfilled upon delivery of goods at the point of sale, may also be an alternative though it is not so frequent.

Different intermediaries are part of the retail distribution and marketing process:

- Non-specialized bookshop chains which may be related to publishing houses or book distribution companies, such as Yenny-El Ateneo, Fausto, Cúspide and Librerías Santa Fe.
- Large retail establishments which offer a small variety of titles, such as supermarkets like Carrefour, Jumbo, Coto or specialised chains that sell music or books, for example Musimundo, Distal.
- News-stands whose sales increased when the big newspaper companies, taking advantage of their installed capacity for newspapers, started to publish books (CEDEM).[35]

[34]Large publishing houses sell titles in the sales market.
[35]Cultural industries in the City of Buenos Aires.Recent.'Evolución reciente y potencialidades' ('Recent evolution and potentialities'). CEDEM.Booklet N°4.Published online, undated.

- Traditional bookshops which operate independently and are not part of a publishing house or distribution company. They usually sell specializsd books for a specific field.

According to a regional report carried out by the Regional Center for the Promotion of Books in Latin America and Caribbean (CERLALC, 2008), bookshops are the most popular point of purchase of books in Argentina (81%), followed by news-stands (newspapers and magazines) and street sales, which account for 8%.

Furthermore, the report showed that there was a total number of 1,985 bookshops in Argentina in 2008. This put the country in a privileged position among the countries of the region, in terms of the number of book points of sale per inhabitant (19,827 inhabitants per point of sale being considered a low indicator).

In connection with prices, Act 25,542, in force in Argentina since January 2002, states that each publisher, importer or representative shall fix a suggested retail price (SRP) or consumer price for the books they publish or import.[36] Therefore, since the price competition[37] is restricted, the traditional retail marketing through bookshops is somehow protected. As a result of this, the business of small bookshops (which were at a disadvantage compared with bookshop chains or large retail establishments such as supermarkets) is also preserved and even the business of short-run publishing is benefited as a less restrictive management of the fixed costs thereof can be carried out.

Challenges and threats

- **E-books**

  E-book dynamics have shown a significant growth since 2010, when the number of published titles in this format increased by 62% in a year and almost tripled the following year. In 2011, the e-book accounted for 16% of the total number of published titles. This share doubled in comparison with the previous year.

Table 43: Number of published titles in supports other than paper, Argentina

Years 2007 to 2011

	Numbers					Variation (%)	
Type of support	2007	2008	2009	2010	2011	2011/2010	2011/2007
Braille	2.0	2.0	2.0	4.0		-	
Cassette	6.0		1.0	3.0	3.0	0.0%	-50.0%
E-book (1)	977.0	981.0	981.0	1,586.0	4,982.0	214.1%	409.9%
Non- specified	18.0	4.0	15.0	10.0	10.0	0.0%	-44.4%
Video (2)	37.0	14.0	10.0	10.0	12.0	20.0%	-67.6%
Total	1,040.0	1,001.0	1,009.0	1,613.0	5,007.0	210.4%	381.4%
% Support other than paper per total number of published titles	4.0%	4.4%	4.3%	6.1%	15.8%	159.0%	295.0%
% E-books per total number of published titles	3.7%	4.3%	4.2%	6.0%	15.7%	161.7%	324.3%

Source:OIC Yearbook 2011. Notes (1) 'E-book' includes CD, digital downloads (whether online or not) or electronic delivery, laser disc and e-book (2) 'Video' includes educational video and videodisc

36 Except for a) limited edition books for restricted consumers, consecutively numbered and of formal quality; b) Artist's books, which refer to those books published, in whole or in part, by means of art-and-craft techniques; c) Antiquarian and collectible books d) Second-hand books; e) books removed from catalogue at the publisher's discretion; f) Imported books at a sale price, provided they have been previously remaindered by the publisher in their country of origin, in accordance with the laws and regulations in force in such country; g) previous sales carried out in order to fund the publishing of a specific book.

37 The following are the only recognized discounts to be made: a) up to 10% of RRP, on those sales performed during fairs, days and weeks dedicated to books, declared of public interest by a legitimate authority, within the geographical area where such event is held, or sales to libraries and/or documentation centers, or to cultural and non-profit social welfare institutions; b) up to 50% when purchased by the Ministry of Education, the National Commission for the Protection of Community Libraries (CONABIP: 'Comisión Nacional de Bibliotecas Populares'), and other public organizations, that purchase books to distribute for free among educational, cultural and scientific institutions, or among low income people. The sale of these copies is expressly prohibited.

These dynamics raise some issues with regard to the price of electronic books, since the reduction of printing and bookbinding costs should be fully reflected in the final selling price, which should decrease. However, the cost of the printing stage does not have a big impact on the final selling price (and it depends on the size of the print run as well). Besides, there are new technology services that bear their own costs, such as the creation of XMLs files, format building-up for metadata integration, the expertise required to perform digital editing, as well as the functioning of online libraries and e-commerce, digital rights management, and the marketing and distribution of digital publishing (Eguaras, 2013).

On the other hand, when the same work is published both in paper and digital format, the e-book production cost is lower, due to economies of scale in the proofreading, correction and translation tasks (applicable to all supports), which do not need to be carried out again in order to publish the contents in digital format.

In Argentina there still have not been major changes with regard to adjusting to these industry processes. Only the publishers have taken the first step to retain digital publishing rights when entering into agreements with authors.

- **Reprography**

Throughout the years, photocopied books have been regularly used at all levels of the Argentinian educational system. Therefore, this practice has naturalised and has become a cultural matter (Reinoso, 2005).[38] A study entitled 'Study of book photocopying at universities' carried out by the Administration Center of Reprographic Rights (CADRA, 2005) among1,100 students from universities in Buenos Aires (73% of the total number) and in Rosario (17%), showed that over 2,552 million of book pages were illegally duplicated on an annual basis at universities. The study also showed that 60% of the photocopied material was protected by copyright.[39]

The rapid growth of illegal practices involving the reproduction of copyrighted works (which comprises not onlyduplication on paper by means of photocopying but also digital reproduction, including other supports), indiscriminately, and without any authorization or compensation whatsoever, encouraged some publishers to organize themselves in order to solve this issue. It was not intended to pursue such illegal practices but instead to create a collective management organization of Reprographic Rights. This led to the creation of CADRA (Centro de Administración de Derechos Reprográficos: Administration Center of Reprographic Rights) in 2002, which groups authors and publishers of books and other publications, whose intellectual property rights it collectively represents and protects.[40]

The organization was created due to the concern about reprography (i.e. the act of reproducing a written work, either on paper, scanned, or in a digital manner: the term began with photocopying but was then applied to other supports). At the same time, they became aware of the existence of collective rights management societies in Europe.

CADRA grants licenses for the reproduction, in whole or in part, of the holder's works. Such licenses vary according to the different parameters applied to the use they will be given. The annual fee is also determined based on that. The following are the parameters applicable to the use of each license:

– Business premises close to an educational institution.
– Business premises far from an educational institution.
– Public library
– Private library
– Government organizations
– Government educational institution
– Private educational institution
– Companies
– Non-profit organizations and other institutions
– Cultural entities

[38] For a more comprehensive approach to reprography in Argentina, see Cabanellas et al. (2005).

[39] Moreover, it was shown that: 10% of university students admitted that they did not read a book from cover to cover during the last year; only 23% of students read an average of one or two books, 22% read more than six titles; 45% admitted reading an average of three to six textbooks; among those who read, 37% read photocopied books, while 63% say they read directly from books; the bigger the number of read books is, the higher the percentage of photocopies that replace those books: five out of ten university students read more than six photocopied titles, whereas three students out of ten read an average of one to two photocopied books.

[40] See section 8.6.

Moreover, the licenses are classified according to the way the reproduction is performed: either through photocopy or in a digital form. Fees are determined by user (companies) or student (university and educational institutions), by photocopy equipment (business premises), or by unit or page (cultural institutions).

Book and reading promotion policies

Act 25446 on Book and Reading promotion enacted in 2001, sets forth a number of major objectives related to the book industry, cultural promotion and educational development.

The National Fund for the Promotion of Books and Reading was created within this framework, in order to support the projects, programmes and actions carried out by the Global Policy for the Promotion of Books and Reading. This Fund is composed of the resources assigned in the National Budget for this purpose, donations and legacies, as well as the penalties charged to parties breaching this Act, which are stated by special laws.

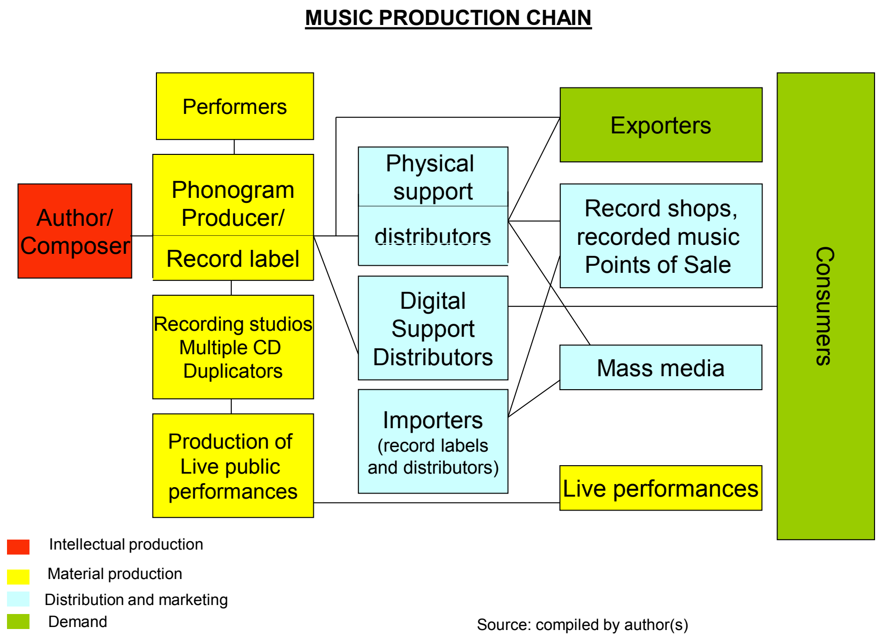
Additionally, the Government undertook the responsibility for promoting publishing demand as well as the habit of reading books, by means of writing contests, exhibitions and fairs, the acquisition of works for public and community libraries, archives and documentation centers and the modernization of all bibliographic centers.

Act 25542, enacted on November 27th, 2001 and acknowledged as the law for the defence of bookshops states that book publishers, importers or representatives shall set a suggested retail price (SRP) or consumer price for the books they publish or import. The said Act restricts discounts made on the final selling price to exceptional cases.

8.2 Phonograms

The phonogram market, as a productive chain, starts with the creation of the work by the author and the composer, who are the owners of the copyright on that work. This production process continues with the participation of performers, who are the singers and/or musicians or group of musicians responsible for making the work audible so that it can be perceived and recorded, and who are also entitled to performing rights. Performers may be hired by the record label, the phonographic producer or by the author himself, if he also takes that role.

Figure 24: Music production



Source: compiled by author(s)

Record labels are responsible for the development and production of the phonogram material. In order to do that, they have to acquire the copyright on the phonogram, which is agreed through contracts where such copyright is fixed in a range from 10-15% of the selling price (Getino, 2008), based on the estimated demand for copies for each title and on the phonographic support. Upon completion of this stage, labels provide recording and editing services as well as all those services aimed at obtaining the finished product, including both the technical and aesthetic aspects (such as arrangements, mixing, recording, editing, graphic arts, packaging, etc.). This can be carried out by the labels themselves or by third parties.[41] Moreover, publishers are in charge of promoting the work by means of video clip production, radio broadcasting and concert organization, and of marketing the product. The producer of phonograms is granted the exclusive right to authorize the direct or indirect reproduction thereof. The said right can be transferred, assigned or licensed by contract.

Two possible channels coexist at the distribution stage: on the one hand the traditional channel, used for marketing the physical format production in record shops, in other recorded music points of sale and in means of communication; and on the other, the growing digital channels, used for marketing the product by means of internet or cellular telephone. Both channels help phonograms to reach the users and consumers.

8.2.1 *How does the Argentinian phonographic industry work?*

There are around 1,300 phonogram producers in Argentina, although not all of them perform this activity as their main business most of the time. According to the Argentine Chamber of Phonogram and videogram producersPhonogram and videogram producers (CAPIF) there are 231 labels in the City of Buenos Aires.

Three international companies, commonly known as the *majors*, coexist in the market together with a wide range of small and medium-sized companies traditionally referred to as *indies*.

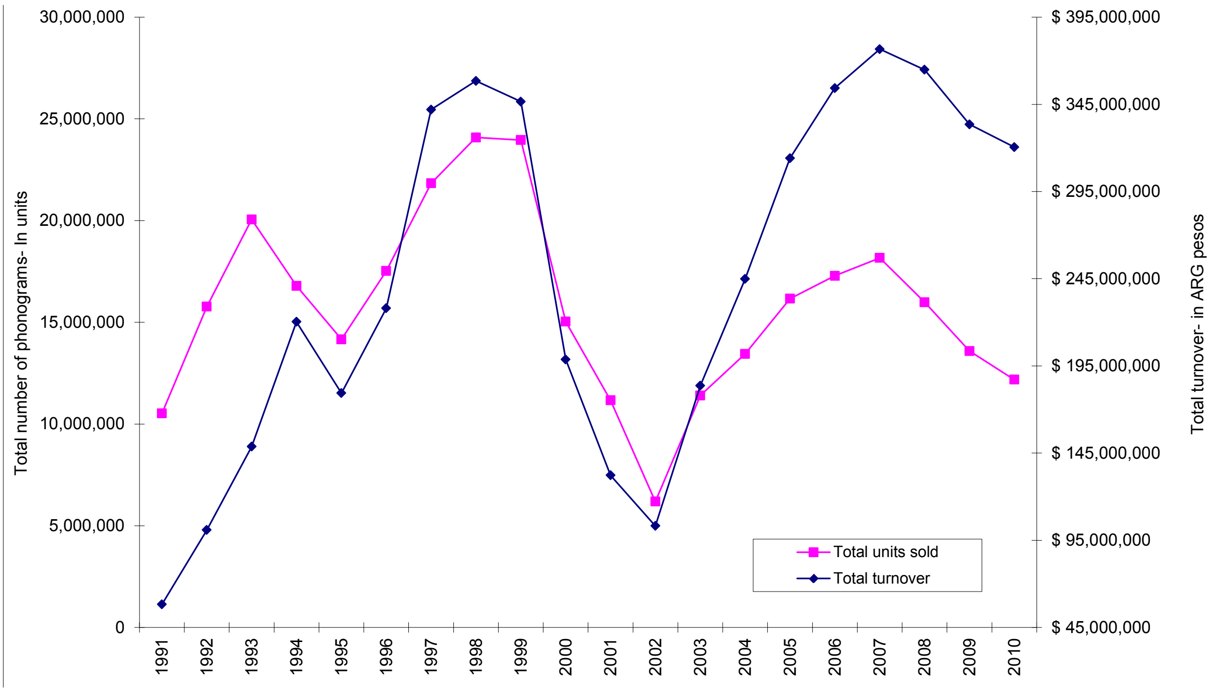
The strategies developed in this market are mainly set out by the large international companies' head offices. According to Moreno (2006), *'the business of these giant entertainment industries is based on the development of worldwide personalitiespromoted and exploited through multiple media and supports, by means of advertisements, product worship and the sponsorship of consumer goods'*. In order to do this, these companies acquire rights to authorize their subsidiaries to copy or print the titles, while they receive the corresponding royalties in return. This process is carried out by means of a license which entitles the holder to market a phonogram within a restricted territorial scope and for a limited period of time.

On the other hand, small-sized companies operate in the market with performers, genres, or products unknown to the *majors*. This process is carried out as a trial stage before including them in the majors' catalogues.According to Palmiero & Krakowiak (2005), *'the Indies discover and develop new trends and artists. They tend to focus on specific niches and genres'*.

The phonogram market, as a whole, has been influenced by a number of different factors which have had an impact on the core business, including the development of new technologies, which have affected recording, reproduction and music consumption, as well as piracy, which has increased as a result of home phonogram reproduction. This has led to a fall in the number of sold phonograms, as shown in the graphic below (Figure 25).

[41] Record labels are surrounded by a vast group of agents who provide their services to this industry, such as music promotion managers in charge of music shows, radio, television and video broadcasting, means of promotion, including the sale of songs to be used in advertisements.

Figure 25: **Evolution of Phonogram Sales**



Note: Units sold stopped publication from the year 2011
Source: CAPIF (Argentine Chamber of Phonogram and videogram producersPhonogram and videogram producers)

The evolution of this industry in Argentina reflects the macroeconomic behavior of the country. It also reflects, through the total turnover and the number of phonograms sold, the 2001-2002 economic crisis which led to a dramatic reduction in sales. This was followed by a recovery period (2003-2007) until 2008 when sales reduced once again. In the latter period, the decrease in sold units was more significant than the decrease in turnover, due to prices.

Despite the fact that data related to sales distribution by labels are not published, experts in this field recognize that the three large labels concentrate 70% of sales, while the remaining sales are distributed among over two hundred labels.

The CD, which accounts for 86% of sales, is considered the main physical support in music marketing, followed by the DVD (audio and video) (Table 44).

Table 44: **Sales distribution (turnover) by physical support**

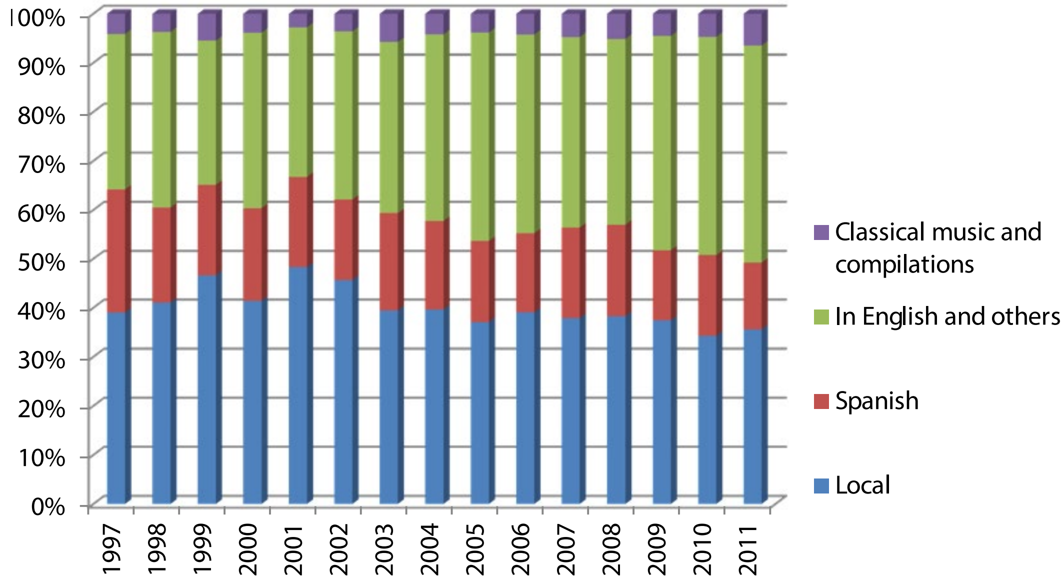
Percentages

Format	2012	2011
CD	86.2%	85.95%
DVD (audio and video)	12.4%	13.7%
Vinyl	1%	0.20%
BLU – RAY	0.05%	0.11%
Others (cassettes and singles)	0.35%	0.04%
TOTAL	**100%**	**100%**

Source: CAPIF (Argentine Chamber of Phonogram and videogram producersPhonogram and videogram producers)

Phonogram sales turnover by repertoire includes mainly phonograms in English and from Argentina (local origin), which constituted the most significant part of turnover through the 1997-2011 period, though with some variations (Figure 26).

Figure 26: Turnover by repertoire



Source: CAPIF (Argentine Chamber of Phonogram and videogram producersPhonogram and videogram producers)
Note: in this classification CAPIF makes a distinction between local repertoire (from Argentina) and repertoire in Spanish from other countries.

8.2.2 *Distribution stage*

At this stage, wholesale distributors are responsible for the distribution of records from the manufacturing plants to the record shops. This service involves both storage and transportation and is generally used by large and medium record companies, whereas smaller labels are responsible for their own logistics and distribution services. According to area experts, there are four main wholesale distributors in Argentina which operate at national and regional levels.

On the other hand, at the retail distribution level there are traditional record shops and big shop chains such as Musimundo and Yenny-El Ateneo, whose shops are differentially oriented.

Within the small and medium-sized record shop group, there are some shops which are dedicated to the sale of supports and which are specialists in certain genres (Inzillo, 2008). These stores survive thanks to the personalised assistance of their knowledgeable and loyal customers. Some examples of these kinds of shops are Rock & Freud (rock), Zival's (classical music, jazz and opera) and Notorious (jazz).

The strategy of the big record shops has been the diversification of their offer, incorporating audio equipment, computers and other related articles such as second-hand books (OIC, 2011).

As may be observed in other countries, the record shops which have not been able to adjust to the market's new conditions were forced to go out of business. According to research carried out by the Observatory of Creative Industries of the City of Buenos Aires (OIC), in 2010 there were 81 shops which offered recorded music for sale in this city. However, even when the data 'initially showed a list of 206 units, only 122 of these could be located. A trend towards the interruption of business activities was also observed: half of the companies which were located had been closed, had changed their business or had ceased their activities' (OIC, 2011).

8.2.3 *Digital marketing*

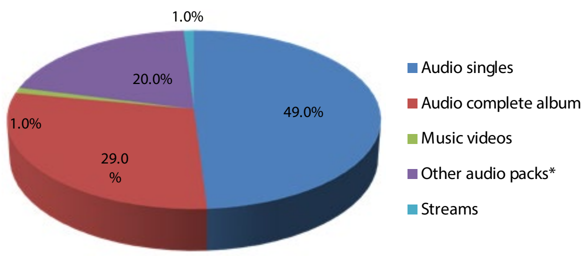
Digital marketing in Argentina comprises two segments: on the one hand, the internet segment, as a means of downloading music content; and on the other the cellular phone or *mobile* segment, which involves download and access to content through mobile telephones. According to data by CAPIF (Cámara Argentina de Productores de Fonogramas y Videogramas: Argentine Chamber of Phonogram and videogram producersPhonogram and videogram producers), in 2012 the digital market represented a 57% increase in sales compared to the results obtained the previous year. These results represented 15.3% of the total income arising from recorded music (music in physical or digital format).

At present the *mobile* segment shows the most important development, since the sales in this segment represented 75% of the total digital content sales in 2011. However, this figure is smaller than the results observed in the last two years which amounted to 96% (in 2010) and 86% (in 2009). The decrease in this share is due to an increase in the internet segment, since according to CAPIF data, the internet subscription model represented a 68% increase in 2011 compared with the results obtained in the previous year.

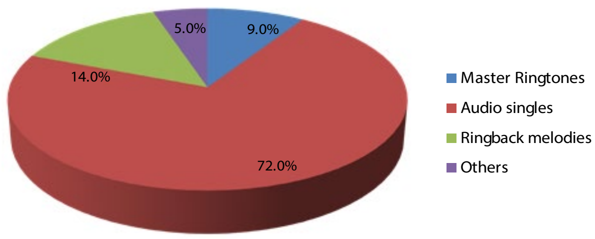
As regards digital download content, audio singles hold the leading position since they represent 50% of the internet downloads and 73% of the mobile content. The graphs to illustrate both segments appear below (Figure 27).

Figure 27: Digital downloads by their type- Year 2012

(a) **Internet downloads**



(b) **Mobile digital content**



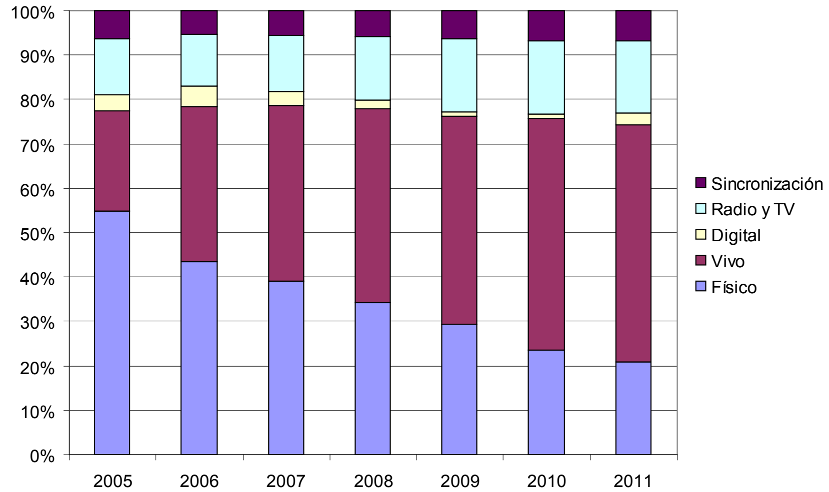
Notes:* playlists, sales in public places and others, provided these are not singles, albums or music videos.
Source: CAPIF (Argentine Chamber of Phonogram and videogram producersPhonogram and videogram producers)

8.2.4 *Live music*

Live music is a segment which provides an increasing source of income to the industry. In fact, a study published in 2011 estimating the total music content volume in the market, both at national level and in the City of Buenos Aires, revealed that live music showed outstanding growth compared with other segments in this sector, representing a 219% increase throughout the country and a 295% increase in the City of Buenos Aires within the 2005-2009 period. These figures showed significant increase from 29% in 2005 to 61% in 2009 (OIC, 2011).

This scenario reflects the incidence of the different kinds of music royalties and their management on a national basis, as it is illustrated in the following graph (Figure 28):

Figure 28: Share of income by music sales in %
for 2005-2011



Note: The right to synchronisation allows for the synchronisation of a pre-existent musical work with images within an audio-visual production Source: CAPIF (Argentine Chamber of Phonogram and Videogram Producers)

8.2.5 *Anti-piracy actions*

CAPIF points out that throughout 2012 important actions against unauthorized use of phonograms in physical format and on digital media (online) have been taken. In fact, during the last year, several piracy sites were cancelled, for instance online sale pages for physical support and websites for direct download of complete discography were removed, as well as unauthorized applications in social networks which enabled access to content and led to infringement of intellectual rights, among others.

Licenses and non-interactive online uses for phonogram and video clips

In the last years, the licensing of music services for non-interactive uses in the Argentinian digital market has become a strategic aim of the collective management of the New Media area of CAPIF, which acts in representation of those record labels which seek this kind of protection.

As evidence of the consistent development of new businesses associated with the digital market, in 2012 there was a 38% increase in the income arising from licenses granted by CAPIF, compared to the results obtained the previous year.

In 2012, 9 websites which included non-interactive music webcasting were launched. At present, Argentina has 48 licensed sites to provide webcasting services to end-users, for example Sonora música (Terra), Cien radios (La 100) and Batanga.com (Batanga Inc.).

In 2012 there was a 58% increase in the licenses granted to companies to play music in their business premises (Dubbing) caused by the granting of licenses to over 120 points of sale directly by CAPIF and by the granting of licenses to 250 others through companies authorized by CAPIF.

Much Music and HTV (Turner Group), CM (Crónica), Quiero música en mi idioma (Artear) and Concert Channel and Mixplay TV (Grupo DLA) are the TV/ Cable channel producers which were authorized by CAPIF to publicly broadcast music videos.

A sustained increase in the income resulting from by digital content is expected for 2013,coupled with the launch of new music services in the Argentinian market, which will allow for even better results than those obtained in the last years.

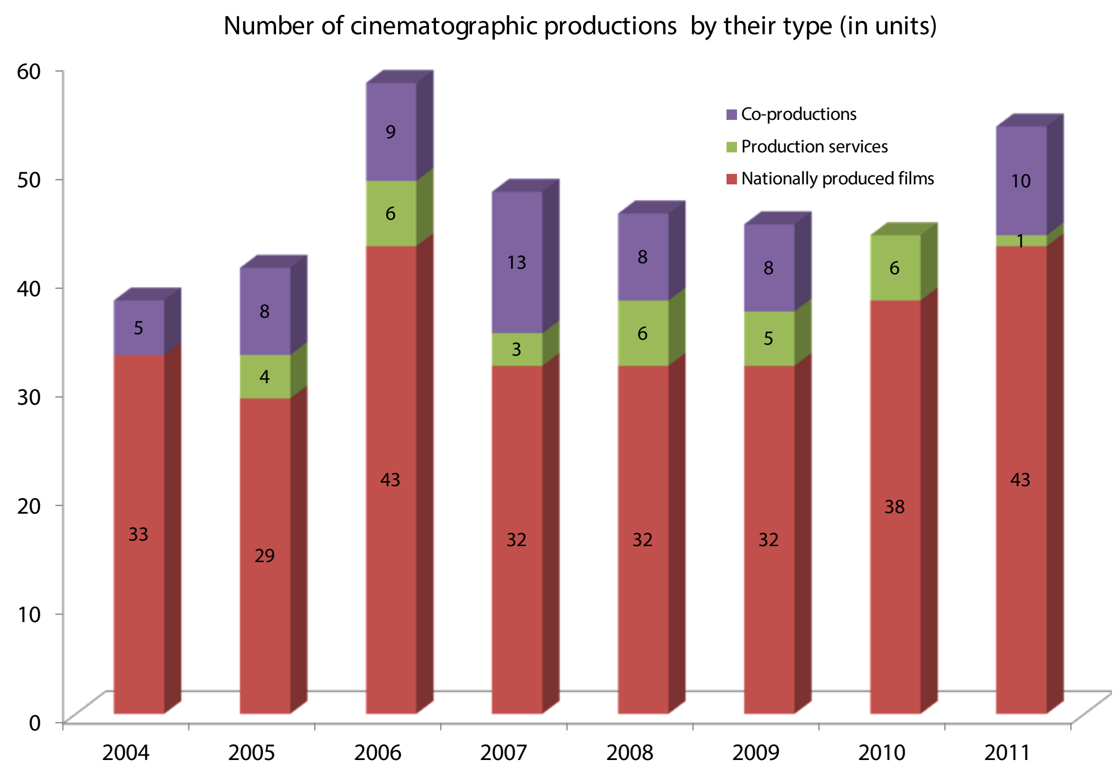
Source: CAPIF (2012)

8.3 Films

At present the production of feature films and short films, as well as other activities, are a part of the value chain in the production of audio-visual content developed for a series of screens such as television, internet, and movie theatres. In fact, the development of information and communication technology (ICT) and the digitalization of different kinds of content have broadened the scope for production companies, favouring the incorporation of new activities such as animation.[42]

With regard to film production (feature films) in Argentina, 54 productions were registered in 2011, showing a 22% increase compared with the results observed the previous year. There was a halt in the downward trend observed since 2006, in which year a peak of 58 productions was registered. These were mainly national productions and include feature films and TV films and constitute an average 75% of those produced in the 2004-2011 period. In the beginning of this period co-produced films had a 13% share of the total production (5 films) but this share increased and reached the period peak of 27% (13 films) in 2007. In spite of this, the fall in nationally produced films could not be counterbalanced that year.

Figure 29: Cinematographic productions by type

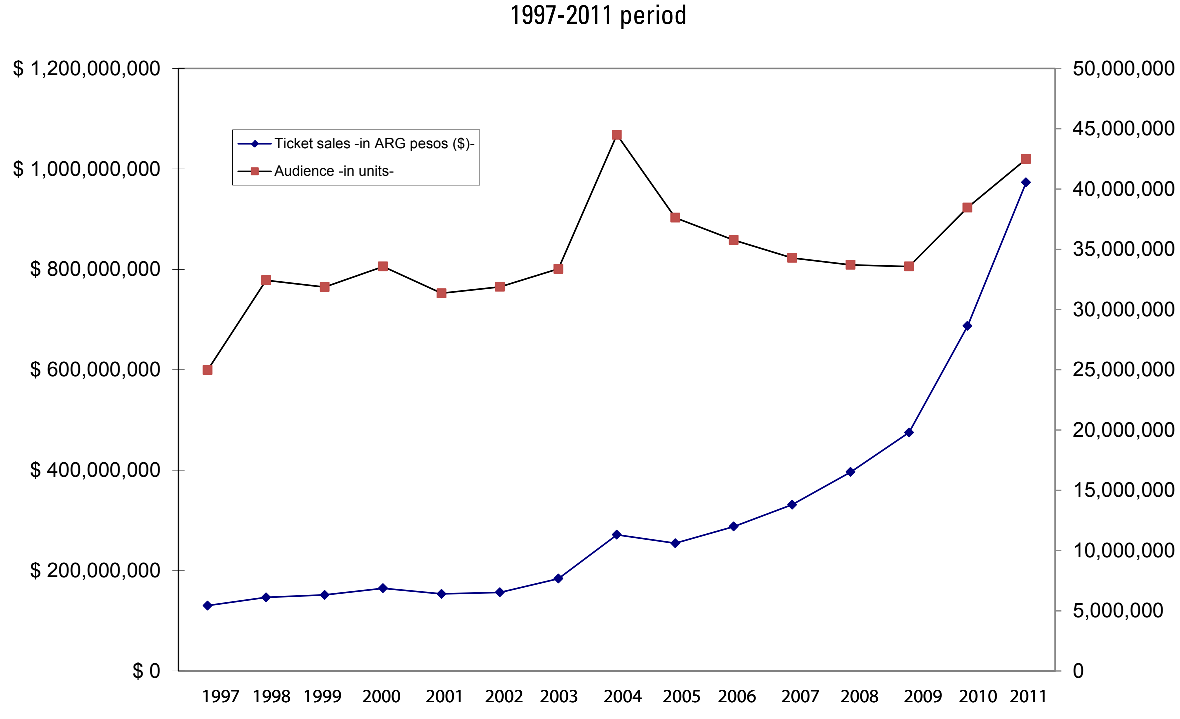


Source: Department for the Study and Research of the Film Industry in Argentina (DEISICA)

As regards film exhibition, the audience figures in 2011 were about 42.5 million at national level. These figures showed a constant recovery since 2009; however, the 44.5 million peak obtained in 2004 could not be reached again.

[42] On the exports of content, see Pis Díez & García (2013).

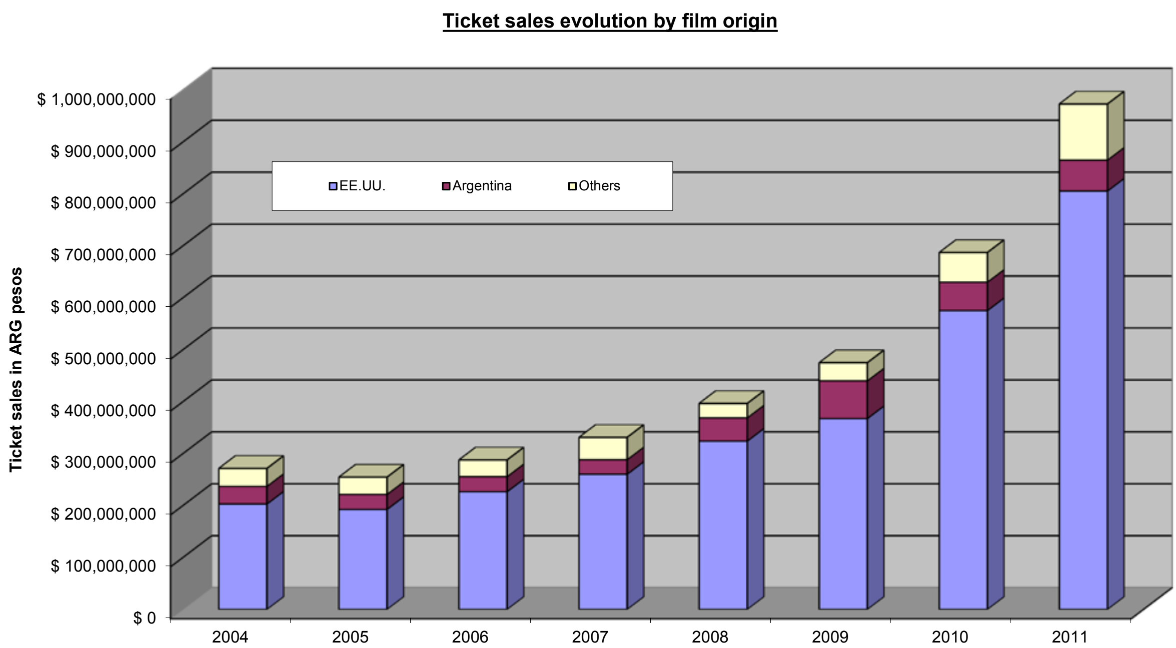
Figure 30: Audience figures and ticket sales



Source: Department for the Study and Research of Film Industry in Argentina (DEISICA).

Ticket sale analysis carried out through the 2004-2011 period showed that films produced by the USA made up over 75% of the total ticket sale income, showing a peak of 83% in 2011 (Figure 31).[43]

Figure 31: Ticket sales by film origin



Source: Department for the Study and Research of the Film Industry in Argentina (DEISICA)

[43] Sales in current pesos.

In 2011, a total of 322 films were released, showing a 7% increase compared with the results obtained the previous year (300 films). 32% of these movies were produced in Argentina (104) and the rest of the films were of foreign origin, 41% of which were produced in the USA.

Table 45: Audience figures, releases, copies and ticket sales by film origin (USA, Argentina and others)

In units and ARS -

Year 2011	USA	Argentina	Others	Total
Ticket sales (ARS)	$ 805,606,737	$ 59,521,190	$ 108,010,766	**$ 973,138,693**
Copies (units)	8,312	1,226	1606	**11,144**
Releases (units)	133	104	85	**322**
Audience (figures)	34,788,695	3,041,135	4,660,599	**42,490,429**

Source: Department for the Study and Research of the Film Industry in Argentina (DEISICA)

Considering he supply in terms of number of copies in that same year, it can be observed that the Argentine industry share was significantly smaller, since it represented 11% of this figure, whereas USA-produced films amounted to 75% and films produced by other countries accounted for 14% of the total number of units.

As regards demand, it was even less diversified than the supply, since 82% of the audience showed a preference for the USA releases, whereas nationally-produced film releases gained only 7% of the audience. The share of the audience who preferred Argentine releases maintained a downward trend for the second consecutive year, achieving a figure that represented less than half of that obtained in 2009, which was the year in which the share of the audience favouring Argentine film releases showed a peak of 15.8%,[44] the highest result in the last twenty years.

[44]This indicator and its variation could be supported by the increase or decrease in the audience figures obtained by the year´s most widely seen Argentine film. In fact, in 2009, the Argentine film with record ticket sales had an audience of 2.4 million people, whereas in the following years the Argentinian films with the highest audience figures did not even reach an audience of one million people.

Sector legislation and policies

INCAA ('Instituto Nacional de Cine y Artes Audiovisuales': National Institute for Films and Audio-visual Arts) is the organization responsible for the promotion of the film industry by granting funds and loans, by organizing film competitions and by offering guarantees for the exhibition of nationally-produced films in several spaces that have been designated for the benefit of the film industry.

From 2011, it was possible for directors of films and audio-visual works to start collecting copyright royalties arising from the broadcasting of their works on television.

City of Buenos Aires

In the City of Buenos Aires, policies relevant to the audio-visual sector and other creative industries were developed by the Ministry of Economic Development of the Government of the City of Buenos Aires through the DGIC (Dirección General de Industrias Creativas: General Department of Creative Industries). Within this scenario and through the initiative of DGIC together with the General Investment Department of this Ministry, an Act for the Promotion of Audio-visual Arts was passed in September, 2011.

This new Act considers the film industry as a productive activity with transformation ability compatible with that of an industrial business and whose tax treatment is the same as that of an industrial activity. The activities benefited by this Act include: production of television contents, films, advertisements, animation and video games as well as all the creative and artistic services directly related to audio-visual productions. This Act provides an area for the geographical concentration of interconnected companies related to the audio-visual industry, specialised suppliers as well as other providers and relevant institutions. This district is located in the areas known as Paternal, Chacarita, Villa Ortúzar, Palermo and Colegiales in the City of Buenos Aires.

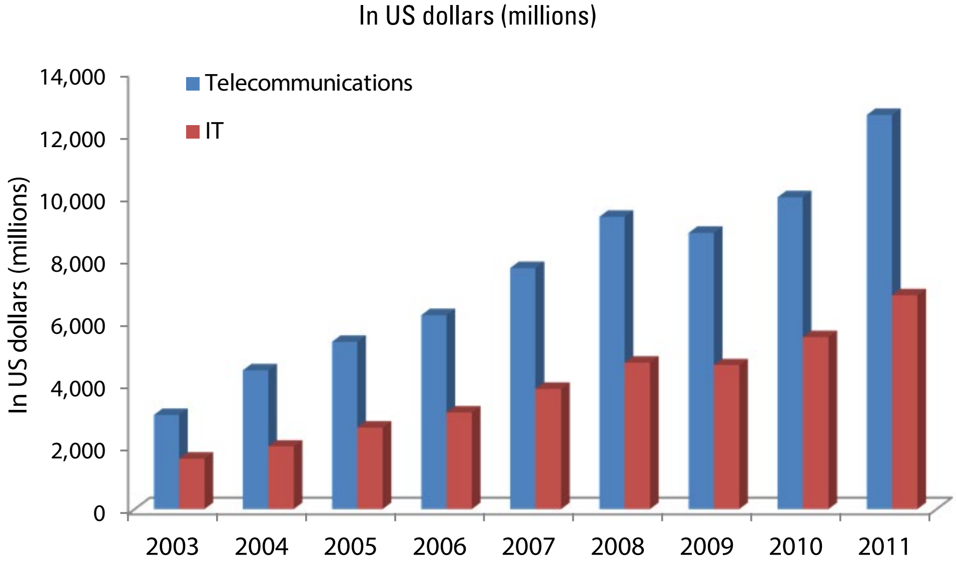
By virtue of this Act, all companies in the City of Buenos Aires that because of their turnover are considered PYME ('pequeña y mediana empresa': small and medium sized enterprises) are exempted from the payment of Gross Income Tax (ISIB: ingresos brutos). Furthermore, the companies located within this district are exempted from local taxes (such as gross income tax, public lighting and cleaning taxes as well as other stamp duties). This protection extends over 15 years in the case of companies owned by national capital and 10 years in the case of companies owned by foreign capital. The benefits within the aforementioned district are also applicable to educational activities relevant to the audio-visual industry.

8.4 Software[45]

The information technology (IT) market in Argentina showed sustained growth in the 2003-2011 period. Sales in this period – shown in USD (Figure 31) – tripled their results. With the exception of 2009, variations in sales year-on-year were positive and showed increases of over 18%; this proved the existence of healthy dynamics. After the slight decrease observed in 2009, sales presented a quick recovery with results of 19% (2010) and 24% (2011).

[45] Data originated by publications by the Chamber of Software and IT Services Companies in Argentina (CESSI) from joint surveys to assess the condition and evolution of this sector up to June 30th 2011.

Figure 32: **Software turnover**

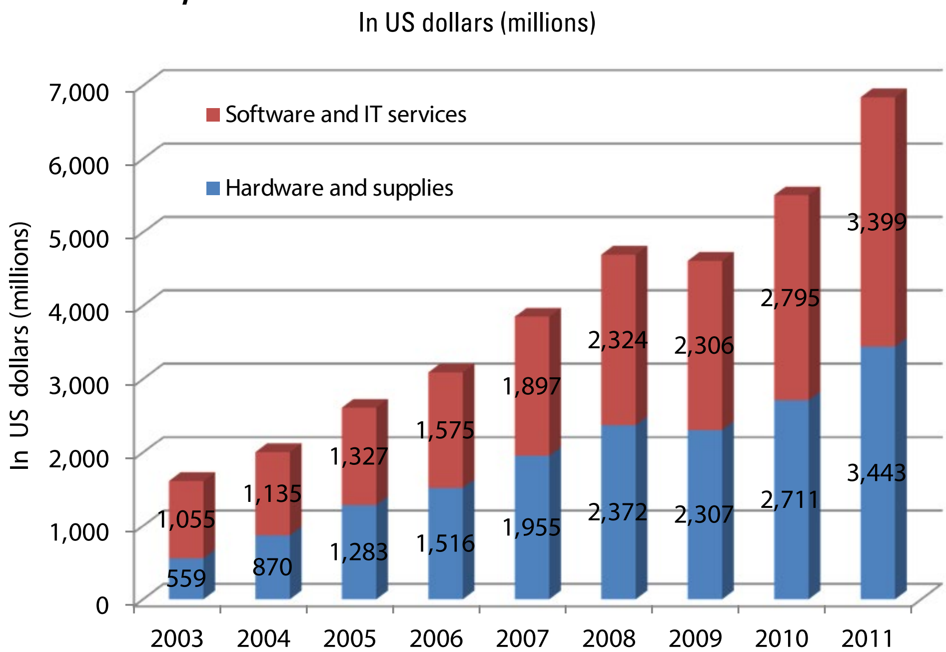


Source: CICOMRA (Chamber for IT and Communications in the Argentine Republic) – Prince & Cooke

On the other hand, information technology sales over the same period accounted for an average 52% of the total turnover in the telecommunications area, with figures of 55% and 54% respectively in the last two years.

If we analyze the annual turnover results of the IT sector in detail, we will observe that in 2011, 50% of these belonged to the hardware-supplies group, while the other 50% belonged to the software-IT services sector. The importance of this last group for the development of the IT area was significant, since at the beginning of the analyzed period it accounted for over half the sales of the IT segment, reaching a peak of 65% of the total sales in 2003.

Figure 33: **Annual IT sales by sector**



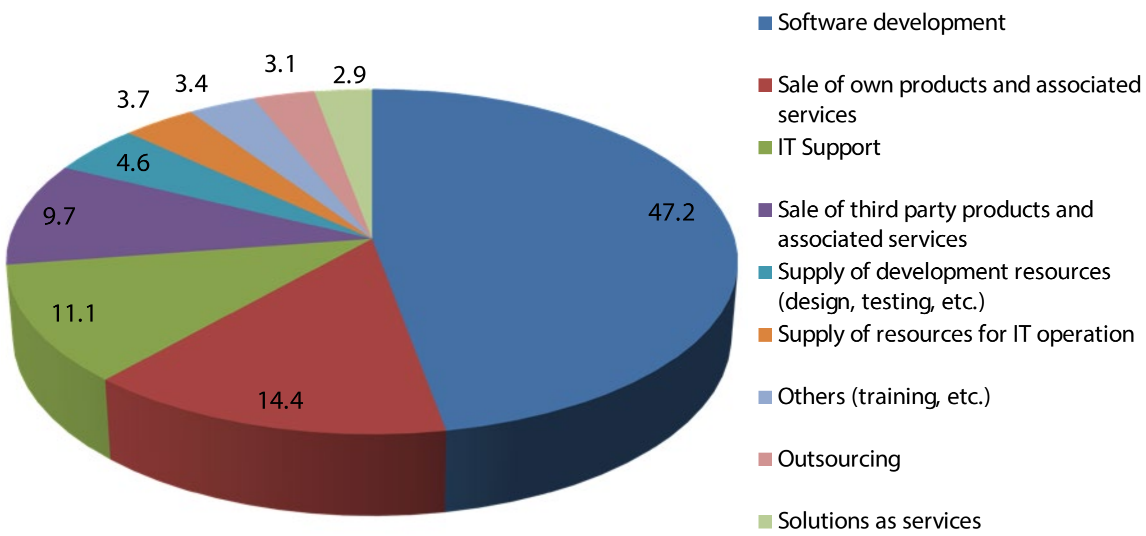
Source: CICOMRA (Chamber for IT and Communications in the Argentine Republic) – Prince & Cooke
Note: 'Services' include certain solutions that may not strictly be considered of IT nature but which are provided by companies in the IT business.

If we analyze the sales of the software and IT services sector in detail, we observe that 62% of these were generated by the software development area and the sale of its own products and services.

The software and ITservices demand analysis shows financial services (29%) as the main client, followed by telecommunications (12%), health (10.8%), software and IT services (10.7%), and commerce (10.1%).

Figure 34: Main software and IT services activities

According to their share in the total sales of this group
Results of the first semester in 2012. Percentages

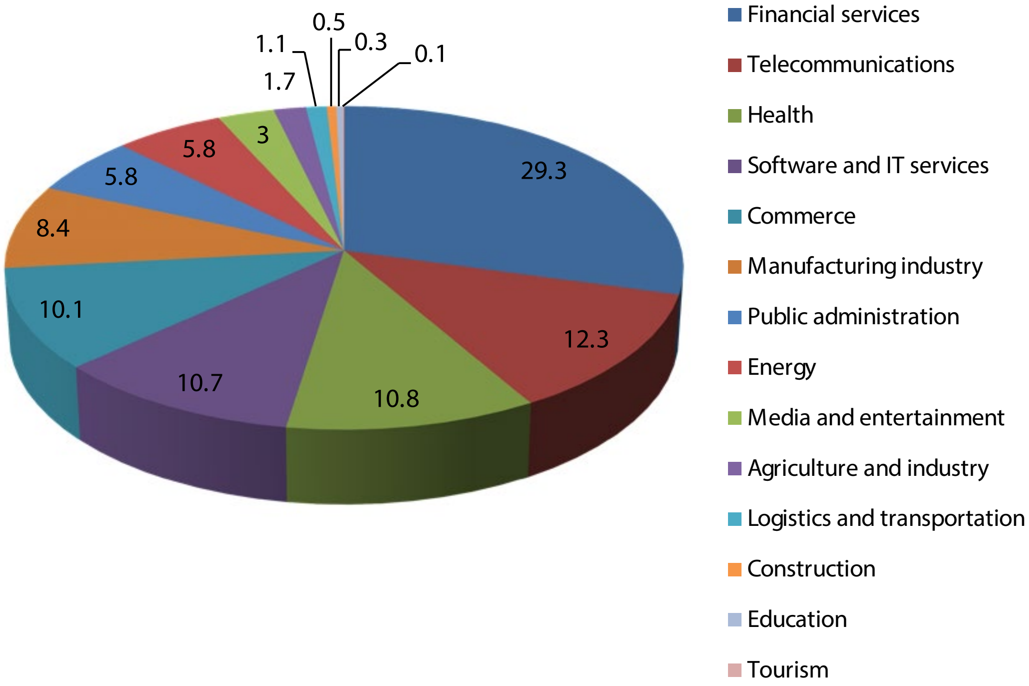


Source: CESSI (Chamber of Software and IT Services Companies in Argentina)

As regards client analysis, CESSI (Cámara de empresas de Software y Servicios Informáticos: Chamber of Software and IT Services Companies) states that the main IT solution clients are multinational companies, not only due to the big volume of their business but also due to their constant need for updated systems to maintain their high levels of competitiveness (Figure 34). In the analysis of the Software and IT Services export sector, we observe that sales to multinational companies represent 82 % of the total results (Figure 35).

Figure 35: Main software and IT services clients by their share in the total sales

Percentages from the first semester in 2012



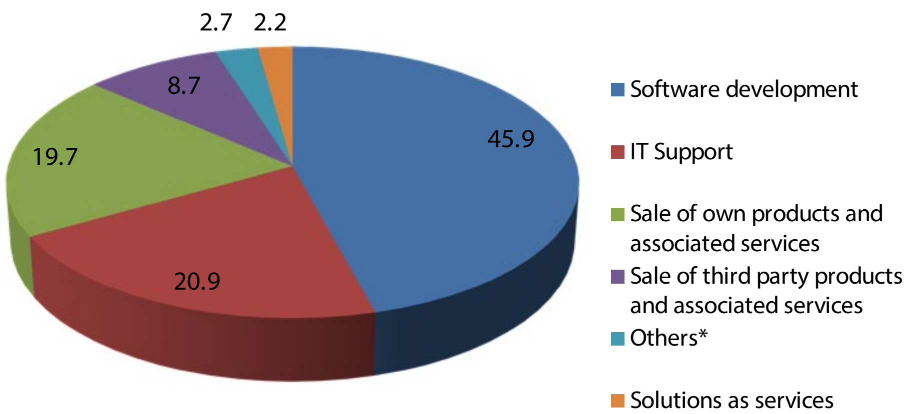
Source: CESSI (Chamber of Software and IT Services Companies in Argentina)

Income from exports represents 26% of the total sales in this sector and the software development area is responsible for practically half of this result, followed by IT support and the sale of own products and associated services.

The highest demand was registered in the USA, which accounted for 45% of the sales in the first semester of 2012. This was a decrease in the USA share, since it was 59.5% the previous year. As a result, there was an increase in the Latin American share which represented almost 50%, Chile, Peru, Uruguay, Brazil and Mexico being the leading countries with 8%, 7.9%, 7%, 5.6% and 5.5% shares, respectively.

Figure 36: Main software and IT services activities by their share in exports

Percentages from the first semester in 2012



Source: CESSI (Chamber of Software and IT Services Companies in Argentina)

As regards the geographical location of the activities in this sector, the Chamber of Software and IT Services Companies points out that it is mainly focused in the City of Buenos Aires, although there are company clusters in different centers and regional sites all over the country, mainly in: Greater Buenos Aires, Rosario, Córdoba, Mendoza, Tandil, Mar del Plata, Bahía Blanca, San Luis, Neuquén, North-eastern and Northern regions among other locations. According to CESSI, '*these centers have as common features the availability of qualified human resources, the importance of a university to provide entrepreneurs in the technology field and a strong entrepreneurial cooperation spirit*'.

8.4.1 *Promotion of the software industry*

There has been active promotion of this industry since the Acts 25856/04 and 25922/04 were passed. Act 25856/04 states that software production is an industry granted the tax, loan and all benefits inherent to any other industry by the National Government. Act 25922/04 was created for the promotion of the software industry and together with the former law sets up a regulatory and referential framework which not only provides tax advantages but also identification of this activity as one of the economic areas with the best perspectives for projected development.

As a result, a tax incentive scheme was developed for those companies in which software industry or IT services account for 50% of activities. These schemes have certain specific requirements to be observed by the companies: quality certifications, the allocation of 3% of their turnover to research and development activities, and/or 8% to exports.

The incentives scheme includes:

– Tax stability over national taxes for a 10-year period.

– Tax credit for the payment of national taxes (with the exception of income tax), equivalent to 70% of the social security contributions paid by the employers.

– 60% reduction in the total income tax amount. This benefit will be available exclusively to companies which can prove research and development expenses and/or quality certification processes and/or software exports.

At the same time, some of the provincial governments have passed laws which offer different benefits to companies that decide to locate in their territories. Among the provinces which offer these kinds of program we find: Córdoba, Chaco, Buenos Aires, San Luis, Entre Ríos, Santa Fe, Mendoza and the City of Buenos Aires, among others.

Another core aspect of the software industry is the training of human resources, not only to achieve quality but also due to the increasing employment demand in this sector. For this reason, the government has joined with a number of educational institutions and companies to provide for the training of professionals (IT programmers, analysts and consultants) in several different technology areas. Some examples of these associations appear below:

– +MAS: Through this project the Ministry of Labour, Employment and Social Security, CESSI and Microsoft offered training for 1,000 young people in 2005.

– EnterTECH I and II: Through this project the Ministry of Labour, Employment and Social Security, CESSI, Sun Microsystems and Oracle, offered training for 4,000 young people in 2006, 2007 and 2008.

– 'Invertí en Vos' (Invest in Yourself): Through the Ministry of Labour, Employment and Social Security, CESSI and Oracle provided for the training of 800 young people in 2007.

– 'Becas Control+F': together with CESSI, the Ministry of Labour, Employment and Social Security, 5 companies (Cisco, IBM, Microsoft, Oracle and Sun Microsystems) organised a training plan for 12,000 low-income young people to join IT-related companies. Additional training was given to 480 people to be in charge of this training program (2009 – 2011).

The Ministry of Education has promoted the creation of two-year Technical Degree Courses in IT in almost one hundred educational institutions (universities and other educational institutions) and has launched a scholarship plan for IT students in universities and tertiaries.

Finally, under the framework of Industrial Strategic Plan Argentina 2020, the software value chain organizations defined their long-term goals (For details see Annex 5).

8.5 Television and Radio

In 2009, Act 26522 on Audio-visual Communication Services was passed in Argentina. This Act sets a new regulatory framework for audio-visual communication services in the country.

The objective of this legal framework is the development of mechanisms aimed at promotion, deconcentration and encouragement of competition to lead to a decrease in prices and result in the democratization and globalization of the new information and communication technologies. A set of admission conditions and requirements regulating market shares and setting up restrictions for the multiplicity of licenses have been established. In order for these requirements to be met, some adjustments in the structure and functioning of the markets are expected.[46]

Notwithstanding this fact, since it is possible that the changes expected to be made in the market as set forth by the implementation of this new rule can be fully verified at medium-term, the following descriptions have been included. They are descriptions of the television and radio markets based on available information that, in some cases, is difficult to obtain due to its specificity or is even completely unavailable.[47]

8.5.1 *Television*

The television industry can be analyzed in terms of a production chain in which the following job roles are found:

- Content producers: They are in charge of obtaining the necessary means to develop programmes through activities such as hiring of artists (hosts, anchors, and/or performers), acquisition of rights, creative talent and the design of props or scenography (real or specially developed for the programme), as well as any other element to be provided to create the environment necessary for the development of the content.
- Television channels: They acquire the rights for broadcasting content and organise the content to form a program schedule.
- Channel marketers: These can be the channel´s owners or third parties. They offer channels to the different distribution systems.
- Distributors: They choose the channels which are part of the grid provided to their subscribers, through the offer of several technologies and commercial 'packages'. To do this they use different television systems: broadcast television,[48] common antenna television services,[49] subscription-based or pay television (cable and digital,[50]), decoded television,[51] etc.
- Users or television viewers: They demand certain content and state their preferences, which may be observed through the rating share of each channel. These statistics are studied by companies specialised in audience measurements.

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[46] Ley de Servicios de Comunicación Audiovisual. Motivos de la Adecuación. (Audio-visual Communication Services Act. Reasons for adaptation). AFSCA (Autoridad Federal de Servicios de Comunicación Audiovisual: Federal Authority for Audio-visual Communication Services).National Government.

[47] For an overview of media ownership structure see El Cronista (National newspaper) Special Edition 2012.- 'Quién es quién en el mercado argentino' ('Who is who in the Argentinian Market').

[48] This service includes public television and the beneficiaries of television station licenses granted by the National Executive Power.

[49] This service was developed as a supplement to broadcast television, thus enabling signal reception in areas where it could not be directly received. It is in charge of the reception, amplification and distribution (preferably by physical means) of the signals from one or more broadcasting stations and their repeaters and relays, to be received by their subscribers.

[50] There are two types of satellite systems: i) the first uses telecommunication satellites (fixed satellite service), which connect the entity which transmits signals with the receptors, which in turn broadcast images to the audience through air or cable; ii) the second uses direct television satellite or DBS (direct broadcast satellite), whose signal can be directly received by their final recipients of the television images by setting up small diameter parabolic antennae.

[51] This refers to the air television system coded by certain specific bands in the radio electric spectrum – UHF (ultra-high frequency) and MMDS (multichannel multipoint distribution service)-. Their broadcasting is aimed at reception, with a previous decoding process, by the audience who are system subscribers, and it may include from 33 analogical signals up to 200 digitally compressed signals.

In Argentina there are several degrees of integration between the companies that have a part in the different stages of this chain. We can observe vertical integration between content producers and channels, or between cable television operators and marketers and also channels which offer their services directly to cable operators.

In the content production stage, it is possible to find several independent production companies which offer different kinds of products and services for the industry. For example, there are companies which offer complete audio-visual content production and/or are involved in the trading of television programmes, some of which could be offered in multiplatform formats. There are companies which not only offer their own productions but also offer customised product production and management services. There are companies which, apart from producing television content, also develop the products which are related to these television contents, such as records, movies, magazines, licenses, theatre plays, music shows, etc.[52]

CAPIT (Cámara Argentina de Productoras Independientes de Televisión: Argentine Chamber for Independent Television Producers) founded in 1999, groups independent television producers throughout the country. Together they produce over 50% of the programmes broadcast by the channels in Argentina, and most of the programmes broadcast on national prime-time television.[53]

In general, television channels are involved in the selection of content, the organization of this content into an organised programming schedule and the insertion of advertisement and promotions, broadcasting and processing the content.

As regards channel ownership, there are several different cases. According to CNDC (Comisión Nacional de Defensa de la Competencia: National Committee for the Defence of Competition, 2008),[54] at the time of that report two of the most important channel marketers possess their own channels and do not trade third party channels,[55] whereas other companies trade both their own and third party channels.[56]

The following table (Table 46) illustrates the television channel offer in 2008 (CNDC, 2008):

[52]For export of local content, see Pis Diez & Garcia (2013)

[53]Source: http://www.capit.org.ar/

[54]National Committee for the Defence of Competition. Dictamen sobre Concentraciones N° 619' (Resolution 619 on Concentration), December 2007.

[55]This is the case of Television Federal S.A. whose only channel is Telefe, and Artear S.A, which is the owner of the following channels: Canal 13, Todo Noticias, Metro, Multideporte, Volver and Magazine.

[56]Trading third party images implies exclusivity in a certain geographical area granted to a certain company. The extension of the covered geographical areas presents some variation, for example Argentina, Uruguay and Paraguay; or Latin America or Caribbean Islands, or worldwide. Exclusivity is not verified for broadcast channels in the primary coverage areas or in areas which are covered by their repeaters.

Table 46: Television channel offer by theme

Company	Adult Content	Broadcast	GBA (Greater Buenos Aires) Broadcast	Theme: Nationality or cultural group	Films and series	Sports	Arts	Arts/Documentaries	Content for children	News	Music	Variety
Turner/Claxson	Playboy TV L.A. – Venus – Spice – Private – G-Channel				I-Sat – Space – Retro – TNT – TCM			Infinito	Cartoon Network Boomerang	CNN en español – CNN Internactional – Crónica TV	HTV Argentina – Muchmusic	Utilísima Satelital – FTV
Artear		Canal 13			Volver	Multideporte				Todo Noticias		Magazine 24
Canal 7 Argentina Televisora Color		Canal 7										
TEVEFE		Telefe										
Pramer SCA			America Satelital – Azul televisión	TV Chile	Film & Arts – Europa Europa	América Sports El Garage TV	Canal á		Magic Kids	América 24	Rock and Pop TV – CM	elgourment.com – Cosmopolitan TV – Reality TV – Plus Satelital
Eduardo Galiego				Galicia TV								
TV5 Monde				TV5								
Multipole				RAI								ºº
Action Group				TVE Internacional								
N/A				BBC world								
TV Net S.R.L.				DW Deustche Welle								
LAP TV					Cinecanal – Cinecanal 2 – Moviecity – The Film Zone – Movie Top							
HBO Group					Warner Channel – Cinemax – HBO Olé – Sony – HBO Plus – AXN			Mundo	Arimax			E! Entertainment – A&E
FOX					Fox – Universal Channel – FX	Fox Sports		National Geographic	Fox Kids			
Hallmark					Hallmark							
MGM Networks					MGM Gold							Casa Club TV
ESPN Sur SRL						ESPN – ESPN+			Jetix – Disney Channel			
Torneos y Comnpetencias						TyC Sports – TyC Max						
Discovery Networks Argentina								Animal Planet – Discovery Channel – People & Arts – History Channel/ Educable – Discovery Home & Health – Discovery Travel & Living	Discovery Kids			
MTV Networks									Nickelodeon		NTV – VH1	
Juan Fabri											Solo Tango	
Televisa Networks											Telehits	C. de las Estrellas
Telecentro										Canal 26		
Canal Rural Satelital												

Source: National Committee for the Defence of Competition

8.5.1.1 *Broadcast Television*

Until the recent changes in regulations, this market had a single nationally owned public television channel, LS 82 TV Canal 7, a broadcast television channel in the AMBA, which is also broadcast in the rest of the provinces through fibre-optic links and/or air reception – so the pay television companies receive this channel and include it into their systems, and through the satellite provider TIBA – by which this channel is broadcast throughout Argentina, its neighbouring countries, and North America as well (CNDC, 2007).

In addition, there are private broadcast channels which offer direct area coverage from the location of their own station, and in several cases have repeaters in the rest of the provinces. The most important private broadcast channels are:

Table 47: Private broadcast channels

Frequency	Station Origin	Owner
LS 83 TV Canal 9	City of Buenos Aires	Telearte S.A.,
LS 84 TV Canal 11	City of Buenos Aires	Televisión Federal S.A.
LS 85 TV Canal 13	City of Buenos Aires	Artear S.A.
LS 86 TV Canal 2	City of La Plata, Province of Buenos Aires	América TV S.A.

Source: CNDC (2007)

Even though in the provinces there are broadcast television channels with their own programming, the four channels which appear in the table above are the only channels which are distributed on a national basis. They reach consumers through repeaters or through the sale of distribution rights by the owners of each of these channels, either to the channel distribution companies, or to the pay television systems.

Competition between broadcast television channels is basically a competition for audience levels, which are measured by *rating*. Ratings indicate the percentage of homes which are viewing a certain channel in a given time segment or period of time in comparison with the total percentage of homes viewing television in the same segment or period of time; audience levels are also measured by the *rating share*, which is the fraction of the ratings obtained by each channel over the total ratings obtained by all the other channels in the same segment or period of time.

The price of television advertising is set depending on these indicators. According to data from the Observatory of Creative Industries (OIC, 2011), broadcast television's total turnover in 2011 was ARS 3,617 million, current value at the time. This represented a 10.7% increase, at constant value, compared with the results obtained in the previous year. The channels in the City of Buenos Aires received 83% of this total amount (ARS 2,996 million, current value at the time), with channels 11 and 13 accounting for 80% of this amount.

AFSCA (Federal Authority for Audio-visual Communication Services, 2010), pointed out that the television system in Argentina is characterised by:

- Significant centralisation, since most of the programmes broadcast in the provinces are those originated by the so-called 'main channels' which are located in the AMBA (Area Metropolitana de Buenos Aires: Greater Buenos Aires and the City of Buenos Aires).[57] The productions which cover most of the program schedule in regions except for the AMBA area are retransmitted productions which in different regions account for 47% to 66% of the total program schedule (Table 48).

[57] AMBA: refers to the urban agglomeration comprising the autonomous City of Buenos Aires as well as the adjacent 40 municipalities (partidos) of Greater Buenos Aires. Thus, it does not constitute a single administrative unit. The area spreads south, west and north of the City of Buenos Aires. To the east, the River Plate serves as a natural boundary.

Table 48: Retransmission hours by region

December 2010/December 2011

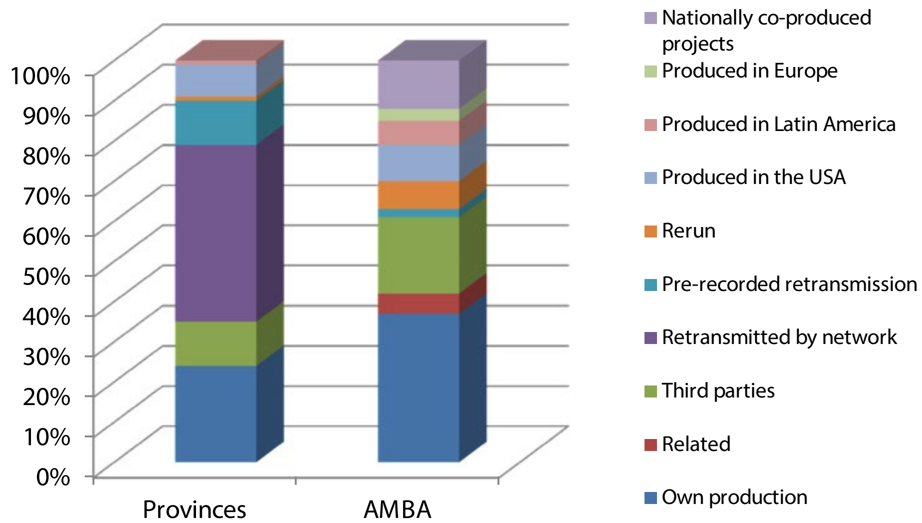
Region	Total broadcast* in hours	Total retransmitted productions in hours	Percentage of retransmitted productions in hours
AMBA	37,287.0	741.0	2.0%
Pampa	88,818.0	57,467.0	64.7%
Cuyo	43,846.0	20,463.0	46.7%
North-eastern	24,633.0	11,926.0	48.4%
North-western	34,360.0	22,708.0	66.1%
Patagonia	47,494.0	24,517.0	51.6%

(*) Includes total broadcast time with commercial breaks, which are not included in the programme. Therefore, to calculate actual content time, you must extract 12 minutes per hour (margin of error due to accumulation in each block) Source: AFSCA (2011)

- Fewer content production sources in the provinces than in Greater Buenos Aires and the City of Buenos Aires. Whereas in AMBA there are nine different sources for programming content production, in the provinces there are only five sources; including two varieties of retransmitted content (Figure 37).

Figure 37: TV productions by their origin

Period: December 2010/ December 2011. In %



Source: AFSCA (Federal Authority for Audio-visual Communication Services)

- Regarding own production, the content produced by the provinces accounts for a 24% share, whereas the content produced by AMBA accounts for a 37% share. In this last segment it must be mentioned that private channels (13, 11, 9 and 2) have a smaller percentage of own production (29%) in comparison with the public nationally owned TV channel (43%).
- In the public nationally owned channel, European and nationally co-produced content has more significant shares than those observed in the rest of the channels (14% and 22%, respectively).

Table 49: TV productions by their origin. Annual average in AMBA (Greater Buenos Aires) channels

Year 2011. Percentages

Origins	Canal 7 Argentina	Privately owned channels
Own production	43	29
Related	–	8
Third parties	13	23
Pre-recorded retransmission	3	2
Reruns	4	8
Produced by USA	1	12
Produced by Latin American countries	–	8
Produced by a European country	14	–
Coproduced by Argentina	22	10

Source: AFSCA (Federal Authority for Audio-visual Communication Services)

From the date when the Audio-visual Communication Services Act 26522/09 became effective, there are new regulations for this sector, for example minimum limits for own-produced contents or contents produced by local third parties. At the same time there are limits to the network retransmission of content to modify the structure of the market. For these reasons, some variations in these figures are expected in the medium term.

8.5.1.2 *Television by subscription*

This service involves mainly closed community systems (or cable television) and satellite television.

According to data collected by INDEC (Instituto Nacional de Estadísticas y Censos de la Argentina: National Institute for Statistics and Census in Argentina), in 2011 about 8,537,728 homes throughout the country had this kind of service. This accounted for 69% of the total home numbers. This indicator shows the high penetration of this type of services, particularly cable television whose beneficiaries represent an 82% share of the total number of homes with television by subscription.

Since 2005, the total number of beneficiaries of these kinds of services has shown a 60% increase. Satellite systems, on the other hand, even tho°ugh they do not have the same incidence as cable television, doubled their number of beneficiaries in the exact same period (241.5%).

Table 50: Paid television beneficiaries by subscription

In units

	2005	2006	2007	2008	2009	2010	2011
Cable	4,900,000.0	5,200,000.0	5,480,835.0	6,315,000.0	6,400,000.0	6,650,000.0	7,000,937.0
Satellite	450,000.0	559,000.0	630,000.0	889,000.0	1,100,000.0	1,100,000.0	1,536,791.0
Total	**5,350,000.0**	**5,579,000.0**	**6,110,835.0**	**7,204,000.0**	**7,500,000.0**	**7,750,000.0**	**8,537,728.0**

Source: OIC (Observatory of Creative Industries), 2011 based on data by INDEC (National Institute for Statistics and Census in Argentina)

The main cable television providers in Argentina are Cablevisión/Multicanal, Supercanal, Telecentro and Red Intercable,[58] which operate in different geographical markets. Telecentro operates mainly in the City of Buenos Aires and its surroundings, Supercanal has wide coverage in the provinces, and Cablevisión/Multicanal has wide geographical coverage of both Buenos Aires and the provinces. DirectTV is the company which operates digital television services.

[58] This is a network of cable operators which acts in representation of 220 small and medium-sized companies with presence in 500 locations in 20 provinces of Argentina.

Pay cable television offers basically two kinds of products: a) the supply of content or channels; and b) the supply of audiences, which is the audience of utmost importance for those companies which wish to advertise their products to reach such audiences (CNDC- National Committee for the Defence of Competition, 2007b).[59] From these data it can be observed that income in this market comes mainly from the payment of fees by beneficiaries of this kind of service and, on the other hand, from advertising.

As regards advertising in pay television, OIC (Observatory of Creative Industries, 2011) pointed out that the remarkable rise of 42.6%, at constant values in advertising investment in pay television in 2009, was explained mainly by the increase in the space for commercial breaks. In 2010 advertising continued with this upward trend and reached a peak of ARS 679 million at constant values (+10%). In 2011 there was a slight decrease in these results to show a total of ARS 646.4 million at constant values.

8.5.2 *Radio*

As was previously pointed out, the Audio-visual Communication Services Act sets forth new requirements with regard to radio services, which:

- Limit to 24 the number of broadcasting licenses for a single licensee.
- Set the limit of foreign capital, in cases where the licensees are corporations, to 30% of the share capital.
- Reserve 33% of radio-electric spectrum for non-profit organizations.
- Authorize cooperatives, national universities and indigenous peoples to participate in broadcasting services.
- Provide each province with radio frequencies (an AM one and an FM one) and with broadcast television frequencies (one). Provide each municipality with an FM radio frequency.
- Require private radio stations to have a minimum own production of 50%, and to include local news programmes.
- Require all broadcasting stations – except those devoted to foreign communities or thematic ones – to air a minimum 30% of Argentinian music.

Notwithstanding the modifications yet to be verified that are required by these new provisions, at the beginning of 2012 the AFSCA (Federal Authority for Audio-visual Communication Services) disclosed information about radio frequencies existing in Argentina.

Regarding Frequency Modulated (FM) stations, the AFSCA stated that there are 496 authorized radio stations, while 2,200 radio stations are still waiting for license. As for Amplitude Modulated (AM) stations, there are 197 of them.

The main income source in radio, as in broadcast television, is advertising. According to data published by OIC (2011), in the City of Buenos Aires radio advertising investment share was 2.9% of the total advertising investment in 2011, which shows stability in comparison with the previous year. However, it did not manage to reverse the downward trend registered since 2001, when the share was 7.7%.

8.6 Copyright Collecting Societies

Collective management of copyright is widespread in Argentina, as it has always been considered to be an efficient means to reduce the costs arising from managing copyrights and other rights (which involve protection, monitoring and collection).

Due to the fact that they are a relatively new type of organization, Copyright Collecting Societies (CCSs) were not included in the Act 11723 of 1933, and their incorporation into the legal and institutional system regulating copyright was slow. However, in 1936 SADAIC (Sociedad Argentina de Autores y Compositores de

[59] This characteristic of the industry is known as a 'two-sided market'. Resolution 637 about economic concentrations. December, 2007.

Música: Argentine Society of Music Authors and Composers), was founded as the first CCS for the purpose of collecting copyright royalties whenever musical works included in its repertoire were publicly played.

CCSs have grown in number and importance over time. There are many reasons for this, one of them being the economic development of activities protected by copyright, as well as the creation of new areas or activities also protected by it, together with the increasing awareness on the part of major agents of the need to have efficient mechanisms to protect their rights and collect their royalties, and the considerable difficulty of collecting fees as a result of technological advances, which, among other consequences, reduce the marginal cost of illegal copies. For these reasons, there has recently appeared a wave of new CCSs, such as the Performers' Society.

The figures shown in previous chapters dealing with the estimations of CBIs demonstrate their importance in terms of added value and employment.

8.6.1 *SADAIC (Argentine Society of Music Authors and Composers)*

In 1936, SADAIC was created as a result of the merger of two authors' organizations, the Argentine Association of Authors and Composers of Music and the Society of Music Authors and Composers. Its objective was to collect copyright royalties in cases where musical works included in its repertoire were publicly played.

This CCS was acknowledged by Act 17,648 (Regulatory Decree 5,146/69) as a private civil and cultural association, thus granting it exclusive rights regarding management of both Argentinian and foreign music composers.

The reason behind the creation of SADAIC has been explained in these terms: 'The theoretical aspect previously described does not just regard individual management of copyright to be something simple to do, as it is the case in other property rights cases'. There are scenarios in which it may be 'impossible for the right holder to control the use of his work, fix a royalty fee which is reasonable to his understanding, or even prohibit its use if he shall deem it appropriate.' For these reasons, it was necessary to 'find a solution to adequately defend those rights protected by law'. Thus, SADAIC was legally given 'exclusive collective management of authors and composers of music, being the only organization authorized to collect and distribute the copyright royalties arising from the use of musical works, whether they be Argentinian or foreign. In the case of the latter, SADAIC operates by complying with the reciprocal representation agreements it entered into together with other similar associations of countries throughout the world'. It has also been highlighted that due to its revenue volume, it is the number one association in Latin America, and it is listed among the top fifteen societies in the world.[60]

As set forth in section 3 of the regulatory decree, with regard to the use of the repertoire undertaken, SADAIC is authorized to:

(a) Determine the conditions to be complied with by users. Grant or deny previous authorization, as provided in section 36 of Act 11,723, and related provisions.

(b) Fix copyright royalties.

(c) Require users to submit affidavits. Verify that the documents are correct.

(d) Request preparation and presentation of set lists, as well as programs and other verification elements.

(e) Monitor revenues arising from ticketing, box offices and other values and methods established in order to fix fees.

(f) Request legal, administrative and police authorities' intervention for enforcement of Act 11,723.

(g) Implement other enforcement action Act 17,648.

[60] From: http:// www.sadaic.org.ar – May 1s t 2013.

Until 2000, SADAIC also collected royalties derived from public performance of musical movies, but this authorization was withdrawn in that year. As from that moment, SADAIC has no longer been authorized to collect royalties for public performance of such films.[61]

According to *Memory and Balance*, in terms of recent developments, the total membership of SADAIC 2002/2003 was 28,705, of which 19,102 are members, 9,380 are enrolled and 223 are represented publishers. For the year 2011/2012 it had 19,970 members, 18,997 registrants and 300 publishers represented, which makes a total of 39,267 members (+36.8% over the period 2002/2003). As for collection, for the period 2002/2003 was 95.3 million pesos (76.6 million and 18.8 million domestic revenue collection outside) while the period 2011/12 totaled 627.2 million pesos ($ 589.8 national outdoor $23.1 and $14.4 for and on behalf of the National Endowment for the Arts, NEA). Net latter concept (NEA), revenue increased by 543% in current pesos between the two periods.

8.6.2 *Argentores (General Society of Authors of Argentina)*

Argentores (Sociedad General de Autores de la Argentina: General Society of Authors of Argentina) is a CCS created by the Act 20,115 in 1973 which groups literature authors and playwrights (theater writers, cinema, radio and TV scriptwriters, etc.) together and is in charge of collecting their copyright royalty fees.

Section 1 of the previously mentioned law acknowledges Argentores as a 'private civil cultural mutual association which represents Argentinian and foreign creators of works related to literature, drama, musical drama, cinema, television, radio, choreography, pantomime, journalism, entertainment, and to the scripts for continuity of shows, whether they be written or broadcast by radio, cinema or television, or recorded on a support capable of registering sounds, images, or images and sound'. Furthermore, the society is 'the representative of the heirs and assignees of authors as well as of those foreign authors' associations it is linked to through agreements of mutual assistance and representation. It shall also be the sole administrator of said works, and the only authorized organization to collect the sums yielded by the use of the mentioned author repertoires'. Because of this, Argentores is 'in charge of collecting in all of the territory of Argentina the whole of the copyright royalty fees yielded by the use of said works in public performances or for broadcasting purposes whether by radio, cinema or television or any other broadcasting means already in existence or to be created in the future, that is recorded on a material support capable of registering sounds, images, or images and sound, whatever the means and the methods.'

8.6.3 *AADI (Argentine Performers Association) and CAPIF (Argentine Chamber of Phonogram and videogram producers)*

Performers and producers of phonograms and videograms are grouped in two different associations: AADI (Asociación Argentina de Intérpretes: Argentine Performers Association) and CAPIF.

According to Decree 1,771/74, AADI is in charge of representing performers and professional musicians, whereas CAPIF represents phonogram producers. In 1975 AADI-CAPIF was created to act as a single collection agency for both associations (Decree 1,670 and decree 1,671/74). Out of the total amount collected, 67% corresponds to AADI and 33% to CAPIF.

8.6.4 *SAVA (Argentine Association of Visual Artists)*

The CCS in charge of collective management of copyright of visual works is SAVA (Sociedad de Artistas Visuales Argentinos: Argentine Association of Visual Artists), which was founded as a Non-profit Civil Association, having been granted its legal status by the Corporation Control Authority on September 10th 2008.

Its objective is to defend the copyright of photographers, artists, sculptors, drawers, engravers, and of all other forms of art belonging to the visual arts. To such end, it grants copyright licenses to use the works of the artists it represents. Moreover, SAVA is in charge of collecting the royalty arising from Public Domain (see annex III), which is then handed to the Argentinian National Endowment for the Arts, which uses it

[61] See SC. Mendoza, Sala I, 2000/11715 – SADAIC c. Andesmar S.A. Repertoire LL LXI-2001-J-Z, page. 1673 and Argentina's Supreme Court of Justice – 23.03-2004 – SADAIC c. Andesmar S.A. S. 129. XXXVII, quoted by Fernández Delpech, *op.cit*., 142-143.

to promote cultural activities in Argentina. According to SAVA's website, it represents more than 50,000 Argentinian and foreign visual creators.[62]

8.6.5 *Reprographic rights*

CADRA (Administration Center of Reprographic Rights) is a non-profit civil association which was authorized by the Registration Office of Legal Entities in 2002, and whose objective is to defend copyright against the phenomenon of reprography by collecting copyright royalty fees on behalf of authors and publishers of books and periodical publications.

CADRA is different from other CCSs in that it does not have exclusive management of these rights, consequently not all the authors and publishers in Argentina are members of this organization. However, CADRA is the only currently existing institution to protect the rights in this field.

As stated in CADRA's own articles of association, its main functions are: fighting against piracy; granting paid licenses for partial photocopying of works under certain conditions; collecting copyright royalty fees yielded by the licenses granted; distributing the collected fees among authors and publishers; controlling photocopying; taking court actions to defend its represented parties; and raising awareness of respect for copyright.

Currently, CADRA is a member of IFRRO (International Federation of Reproduction Rights Organizations) and receives the support and cooperation of CERLALC (Regional Center for the Promotion of Books in Latin America and Caribbean).[63]

According to the *Memoirs*, CADRA had granted 459 authorizations partial reproduction under compensation at the year 2011, including a significant percentage of public and private universities in the country. The associates amounted to 925 authors and 169 editors. The proceeds distributed for the year amounted to a total of 584,255 pesos.

8.6.6 *Collective management of the audio-visual sector*

Within this sector a distinction must be made between rights belonging to artists, film directors, and film producers.

SAGAI (Sociedad Argentina de Gestión de Actores Intérpretes: Argentine Management Society of Actors and Performers), was created by Decree 1,914/2006 and its objective is to manage the intellectual property rights of artists belonging to the sector (actors, dancers, dubbing actors) whose performances have been fixed on audio-visual support. It was acknowledged by this decree to be the only CCS authorized to manage the rights of actors and dancers. It currently represents more than 2,500 artists across Argentina,[64] and apart from its role as collector and distributor of the corresponding royalties, it also promotes cooperation and cultural activities organized by the SAGAI Foundation.

According to the records, in 2011 SAGAI collection amounted to 34.2 billion pesos, which were divided into: 18.4 million as duty payable (net of funds for future contingencies), 9.6 million as a management fee (set for the year 2011 as 28% and 25% for 2012) and 3 million Social Fund contribution. Operating expenses were 6.2 million pesos.

The organization DAC (Directores Argentinos Cinematográficos: Argentine Film Directors Association) represents film directors, and even though it has existed since 1958, it was only in 2009 that it was acknowledged by Decree 124/09 to be the only representative organization authorized to collect and distribute copyright royalties for film directors and for Argentinian and foreign audio-visual works in the whole of Argentina. DAC, whose latest articles of association date from 2006, is a member of CISAC (Confederación Internacional de Sociedades de Autores y Compositores: International Confederation of Authors and Composers Societies) based in Paris.

Finally, collective management of those copyright royalties yielded by exhibition of cinematographic works which are outside DAC's normal scope will be carried out by Argentores (Fernández Delpech, *op.cit.*, 146).

[62] See http://www.sava.org.ar.Accessed on May 1st 2013.
[63] See http:// www.cadra.org.ar. Accessed on May 1st 2013.
[64] Seehttp://www.sagai.org.ar; Accessed on May 1st 2013.

9. CONCLUSIONS AND RECOMMENDATIONS

9.1 Conclusions

The following are the main conclusions of the research work done on the IPDAs.

– **Legal and Institutional Framework**

- In short, Argentina has an original legal framework that, although dated, has been regularly revised to integrate the changes produced by technological advances, the emergence of new formats and media, and the recognition of rights for other actors of the industry, among other innovations. Additionally, the Argentine regulatory system recognizes international agreements in this area, and the country has adhered to most of them.
- The Argentine Republic does not have either specific subject matter courts or an administrative court for dispute resolution between parties. Ordinary civil and commercial courts and ordinary correctional courts have jurisdiction on this subject matter.The usual practice for the exercise of these rights in the Argentine Republic has been basically the negotiation of out-of-court settlements between parties. Even so, the degree of conflict identified is low, and cases brought to justice are scarce.
- With regard to piracy, the fact that few cases have been brought to justice indicates that the number of prosecutions is not a good basis for studying the level of illegal activity and infringement in this sector. There are no official statistics, or the information is not reliable enough, to allow us to infer with relative accuracy the degree of piracy of goods protected by copyright, even when interviews, the indirect sources and partial studies suggest that the infringement level is generally high, although it differs greatly between sectors and goods.
- Collective management of copyright is widespread in Argentina, as it has always been considered to be an efficient means of reducing the costs arising from managingcopyrights and other rights (including protection, monitoring and collection). Due to the fact that they are a relatively new type of organization, CCSswere not included in the Act 11723 of 1933, and their incorporation into the legal and institutional system regulating copyright was slow. However, in 1936 SADAIC was founded as the first CCS. In recent years we have incorporated some new CMO as SAGAI. The reprographic rights association linked to CADRA does not yet have a legal framework equivalent to other CCS.

– **Statistical aspects and estimates**

- Making a study with these characteristics implies the need to have access to statistical sources with a high level of disaggregation to allow for precise measurement of the industries related to copyright. There was no access to micro data which allowed for a disaggregation at product level and it was necessary to resort to other sources to make the various adjustments. Therefore, it was very valuable to have access to the figures of the last economic census with data for 2003, the only source with information at 5 digits ISIC for value added and for registered employment.
- Results for Argentina indicate that CBIs contributed 3.5% of GDP for 2003 and that they increased their contribution to reach 4.7% in 2008, the last year of the present study. The core industries are the main component of CBI: they are 70% of the total (3.3% of Argentina's GDP in 2008)
- CBIs make a greater contribution to GDP than sectors such as fishing, hotels and restaurants and personal services, and a similar contribution to that of financial intermediation services.
- The period considered in this study was a period of significant GDP growth because there was an important recovery of the Argentine economy after the deep economic crisis which began by mid-1998 with the Brazilian devaluation and the Russian crisis, and which ended up as the worst economic and social crisis suffered by the country since 1930. In this context of recovery, GDP grew at an annual accumulated rate of 8%. CBI dynamism was even greater than that of the whole

economy. In every year of the series, CBIs present growth rates which are greater than those of GDP. This behaviour can be explained by the importance acquired by interdependent activities.

- Growth in employment generated by CBIs is also significant. While jobs in the whole economy increased by 27% in the period under study, CBI employment grew by 44%; core industries stood out with an increase of 48%.
- CBIs contributed 2.7% of employment in 2003 while in 2008 the contribution was 3%. Core industries were the ones with the greater contribution, representing 66% of total employment of CBIs.
- In relation to foreign trade, though the goods trade balance of CBIs showed a deficit, the exports growth of services must be highlighted. The evolution of exports of computing and information services as well as advertising and audiovisual services stands out. Exports of these sectors are considerably higher than their imports. Services exports grew from beginning to end of the period by 417%, while imports grew by 153%. Likewise, in all the period, Argentina was a net exporter of services related to CBIs.
- Exports of goods produced by CBIs represented just 0.6% of total exports. The most important industries, with contributions between 50% and 59% in the period, were the interdependent industries, mainly paper manufacturing.
- In the case of imports, they were around 6% to 8% of total imports. The most relevant were the interdependent industries, with a contribution of 90% to total CBI imports, basically imports of computers and computing equipment.

– **Sectoral and market aspects**

- In order to obtain a summary description of some industries related to copyright and based on available information, a selection was made of those connected with the book industry, phonograms, films, software, radio and television.
- The study shows that, in general, those industries operate under competitive conditions because they are about activities based on ongoing creative processes, unpredictable, and without significant barriers to entry, even when dealing with mature markets.
- Adittionally, these sectors face technological innovations that have an impact on their production and distribution process, bringing in more competition in the markets and creating new business opportunities (electronic books, phonogram digital distribution, demand for services associated to information technologies, etc.). These drive forward their economic activity and promote new jobs, in general those that require qualified skills or non-traditional ones (for example: software or visual arts).
- Throughout the last decade, the dynamics of these markets have been affected by the macroeconomic dynamics described above, levered by sectoral policies that strongly stimulate the activity of some of them, such as films and software. In the cases of radio and television, regulatory changes have been brought in with the approval of a new legal framework that will have an impact on them, although this not fully evident yet.
- This reality demands proactive economic agents – both public and private – being able to figure out market channels and to react speedily for a better exploitation of up-coming opportunities, with a long-term and strategic perspective; a factor that is present in all of these markets.

9.2 Recommendations

The following are a series of recommendations, resulting from the conducted research, regarding public policies and actions to be taken in relation to CBIs.

– **Legal and Institutional Framework**

- Act 11723 of 1933 has always provided for essential aspects of copyright. Over time, this regulation has been modified and/or enforced in several opportunities. Yet successive interventions have left out aspects to be considered, i.e. 'legal gaps' which can be precisely amended either by rewriting the law, or through updated legislative techniques which now exist.

- The need and opportunity should be assessed for the enactment of new legislation introducing basic definitions and establishing principles that allow for a clear scope of those concepts regulated by the current legal framework, so that new formats and other developments that emerge as technology advances are also included. Nonetheless, writing a new comprehensive and updated law should be done in a careful manner in order for copyright not to be altered in any way, taking into account that neither the actors in the sector, nor the authorities, have accused the inadequate legal framework of being a significant problem *per se*. Likewise, a new law should be as flexible and comprehensive as the law of 1933, which through supplementary laws and regulations has allowed for inclusion of the innovations that have occurred for over seventy years, without it becoming necessary for it to be abolished or for its fundamental aspects to be altered.In addition to these caveats, any legal changes should be accompanied by a deep study of their social and economic impact, and should come from a broad consensus among all actors involved.

- Argentina is one of the countries in Latin America with the largest jurisprudence on copyright. Enhancing the technical and professional training on copyright matters would avoid heterogeneous criteria in justice administration, which occur when there is a lack of common criteria. Consequently, even though Argentina does not require the formation of a court with subject matter jurisdiction on intellectual property rights, it is necessary to enhance, deepen and update the training of officers of the Judiciary (judges, secretaries, etc.), lawyers, public officials dealing with intellectual property issues, experts, etc. in matters related to copyright, so that the intervening parties can duly exercise their duties with utmost responsibility.

- In the case of reprographic rights, the collective management society CADRA (Administration Center of Reprographic Rights) is not within an equivalent legal framework to that governing the collective management societies of other sectors, which translates into inefficient management of certain patrimonial rights of the corresponding copyright. An SGC included in a strong legal framework as a result of wide consensus of their main actors might make an institutional improvement and generate a considerable economic result both currently and in the future, and supported, among other things, in a study of their social and economic impact.

– **Statistical aspects and estimates**

- It is important for any country to have a national statistical system which is constantly updated and complies with international field standards, since it is fundamental to have a comprehensive record of economic activities and to be aware of their technical relations (supplies/product) in order to have access to all information that national accounts can offer to public policy-makers. Should this not happen, any information that requires data from these sources and any methodology derived from them – such as satellite accounts or economic contribution calculations of any activity, etc. – will be limited, because of not complying with the requirements of reliability, relevance and opportunity, thus limiting the scope of any study, research or calculation to be carried out with regard to CBIs.

- To carry out studies of these features requires a large amount of statistical information from official sources with a high level of disaggregation. Unfortunately, it is difficult to obtain the level of detail required to accurately measure the industries based on copyright, in some cases because it is not in their interest to maintain such a breakdown for the aims pursued and, in other cases, because the estimates are not publicly accessible. It would be necessary, therefore, to achieve certain agreements or arrangements with official statistical agencies to access the information, or develop joint proposals for a periodic survey of the same.

- Monitoring of the dynamics of CBIs should be fostered by establishing a number of indicators that show the status of selected activities, so that there can be control of occurring changes and anticipation of phenomena, in order to be able to deal with potential situations and/or problems.

– **Sectoral and market aspects**

- The stability, rationality and monitoring of sector incentive mechanisms (for example in the book industry, software industry and film industry) should be stimulated, as these have allowed for expansion of activities and investment in industries protected by copyright. This should form part of an international long-term policy of development and integration which complies with intellectual property rights and with the agreements and treaties signed by Argentina.

- Likewise, in order to create a profitable sector that is socially responsible and sustainable over time, it is key to have a legal framework to organize the domestic market (especially, radio and television) and a stable regulation of promotion of exports (for example, audio-visual works, software, etc.).

- In this regard, it is recommended that regulatory changes are supported by thorough research concerning diagnosis and impact (both economic and social) of the reforms. It is also important for these changes to have wide sector and social consensus, so that legal and regulatory amendments are not the result of specific controversies or of practices or trends in vogue, which would eventually have a negative impact on society in the long run, when they are reverted or when there is a change in the circumstances in which they were introduced.

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Annexes

Annex 1 List of people interviewed

- Sebastian Bloj. General Director General of the Argentina Collective Society of Actors and Performers (SAGAI).
- Ana María Cabanellas. Ex-President of the Argentine Book Chamber (CAL). President of local publishing companies.
- Javier Delupi. CEO of the Argentine Chamber of Phonograms and Videograms (CAPIF)
- Emma Espagne. National Director of International Accounts. National Institute of Statistics and Census (INDEC).
- Eduardo Falcone. Head of Collections of the Argentine Society of Authors and Compositors (SADAIC).
- Gerardo Filippelli. Legal Advisor of the Argentine Book Chamber (CAL).
- Mónica Herrero. Lawyer, expert in copyright and consultant in publishing.
- Magdalena Iraizoz. Executive Director of the Center of Reprographic Rights Managementof Argentina (CADRA)
- Graciela Peiretti. National Director of Copyright of Argentina, National Minister of Justice.
- Ethel Pis Diez. Professor and researcher in Media Economics, University Austral.
- Claudia Reboiras. MA in Intellectual Property. Head of the Copyright Sector of the Planeta Publishing Group, company of the Argentine Publication Chamber (CAP)
- Gustavo Rodriguez. National Director National of National Accounts. National Institute of Statistics and Census (INDEC).
- Gustavo Schötz. Director, Intellectual Property Center, School of Law, University Austral.
- Diana Segovia. Institutional Manager of the Argentine Book Chamber (CAL)
- Laura Teseiro. Businesswoman of music companies.
- Federico Villalba Díaz. Professor of Copyright, MA in Intellectual Property University Austral. Advisor in Copyright issues of the Civil and Commercial Chamber and House of Corrections. Member of the Board of CADRA
- Fernando Zambra, Director of Promage consulting firm specialising in strategy.

Annex 2: National legal framework for Copyright[65]

Copyright:

Act 11,723	– Act of Intellectual Property.
Decree 41,233/34	– Regulation of Act 11,723.
Decree 31,964/39	– Deposit in 'custody'.
Decree 71,180/40	– Return unpublished works deposited in 'custody'.
Decree-Act 6,422/57	– Indication of editors or directors responsible for periodicals.
Decree 16,697/59	– Affidavit of published works. Regulations Article 61 Act 11,723.
Decree 7,616/63	– Renewal of deposit of unpublished works.
Decree 8,478/65	– Public performance of music- Authorization of the authors.
Decree 746/73	– Interpreters – Regulation of Article 56 Act 11,723.
Decree 447/74	– Microfilm of periodicals.
Decree 1,670/74	– Modification Articles 35 and 40 Decree 41,233/34 and regulations on performers.
Decree 1,671/74	– Rights of performers and phonogram producers – Remuneration – Creation of AADI-CAPIF- Collecting civil association.
Decree 165/94	– Protection of software and database.

Paying public domain system:

Decree	– Act 1,224/58 – Creation of the National Endowment for the Arts.
Decree 6,255/58	– Regulation of the National Endowment for the Arts.
Resolution 15,850/77	– Legal Framework on Rights of Paying Public Domain (T.O. 1978).
Resolution 21,516/91	– Tax on films edited in magnetic (video – cassette).

Gestión Colectiva de Derechos de Autor y Conexos:

Act 17,648	– Sociedad Argentina de Autores y Compositores de Música (SADAIC).
Decree 5,146/69	– Regulation Act 17,648.
Act 20,115	– General Society of Authors of Argentina (Argentores).
Decree 461/73	– Regulation Act 20,115.
Decree 1,671/74	– Creation AADI – CAPIF – Collective Association.
Decree n° 1,914/06	– Recognition of the Argentine Society Actors Management Civil Performers Association – SAGAI – as a representative of the actors and dancers from Argentina and abroad for the collection and management of intellectual rights over their interpretations.
Decree 124/09	– Recognition of the Directores Argentinos Cinematográficos (DAC.) as the representation within the national territory of film-makers and authors of local and foreign audio-visual works and their beneficiaries, for the collection, management and sharing of their intellectual rights to fixed audio-visual works in any hardware.

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International Agreements:

Treaty on Literary and Artistic Property, Montevideo, 1889 (Ratified by Act 3,192).

Convention on Literary and Artistic Property, Buenos Aires, 1910 (Ratified by Act 13,585).

Inter-American Convention on Copyright in Literary, Scientific and Artistic Works, Washington, 1946 (Ratified by Act 14,186).

Universal Convention on Copyright, Geneva, 1952 (Ratified by Decree-Act 12,088/57).

Bern Convention for the Protection of Literary and Artistic Works, Bern, 1886 – Brussels Act, 1948 (Ratified by Act 17,251).

Paris Act, 1971 (Ratified by Acts 22,195 and 25,140).

Convention Establishing World Intellectual Property, Paris, 1971. Amended in 1979 (Ratified by Act 22,195).

Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of Phonograms, Geneva 1971 (Ratified by Act 19,963).

International Convention on the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Rome, 1961; Geneva, 1987 (Ratified by Act 23,921).

Treaty on the International Registration of Audio-visual Works, Geneva 1989 (Ratified by Act 24,039).

Agreement on Trade-Related Intellectual Property Rights (Ratified by Act 24,425).

WIPO Treaty on Copyright, Geneva, 1996 (Ratified by Act 25,140).

WIPO Treaty on Performances and Phonograms, Geneva, 1996 (Ratified by Act 25,140).

Annex 3: List of copyright-based industries for Argentina by ISIC CNE´04

1. *Core Copyright Industries*

Sector	Economic Activity	ISIC Rev. 3.1.	ISIC CNE'04
Press and literature	Authors, writers, translators	9214	
		7499	
	Newspapers	2212	
	News and feature agencies	9220	
	Magazines/periodicals	2212	
	Book publishing	2211	
	Cards, maps, directories and other published material	2219	
	Pre-press, printing, and post-press of books, magazines, newspapers, advertising materials	2221	
		2222	
	Wholesale and retail of press and literature (book stores, newsstands, etc.)	5139	
		5239	52381 and 52382
	Libraries	9231	
Music, Theatrical Productions, Operas	Composers, lyricists, arrangers, choreographers, writers, directors, performers and other personnel	9214	
		9219	
		9249	92499
	Printing and publishing of music	2213	2219
	Production/manufacturing of recorded music	2230	2219
	Wholesale and retail of recorded music (sale and rental)	5233	52356
		5139	
	Artistic and literary creation and interpretation	9214	
	Performances and allied agencies (booking, ticket agencies, etc.)	9214	
Motion Picture and Video	Writers, directors, actors	9214	
	Motion picture and video production and distribution	9211	
	Motion picture exhibition	9212	
	Video rentals and sales, video on demand	7130	71301
		9211	
	Allied services	2230	2219
Radio and Television	National radio and television broadcasting companies	9213	
	Other radio and television broadcasters	9213	
	Independent producers	7499	9211
	Cable television (systems and channels)	6420	6422
	Satellite television	6420	6422
	Allied services	9213	
Photography	Studios and commercial photography	7494	
	Photo agencies and libraries	2222	
		9231	

Software and Databases	Programming, development and design manufacturing	7221	7220
		7229	7220
	Wholesale and retail pre-packaged software (business programs, video games, educational programs, etc.)	5151	51592
	Database processing and publishing	7240	
		7230	
Visual and Graphic Arts	Artists	9214	
	Art galleries and other wholesale and retail	9214	
	Picture framing and other allied services	7494	
	Graphic design	9214	
Advertising Services	Agencies, buying services	7430	
Copyright Collecting Societies	Copyright Collecting Societies	9112	

2. *Interdependent Copyright Industries*

Sector	Economic Activity	ISIC Rev.3.1.	ISIC CNE04
Manufacture, wholesale and retail (sales and rental) of:	TV sets, radios, VCRs, CD players, DVD players, cassette players, electronic game equipment and other similar equipment	3230	
		5139	
		5233	52356
		7130	71309
	Computers and equipment	3000	
		5151	51592
		7123	7120
	Musical instruments	3692	3699
		5139	
		5233	52356
	Photographic and cinematographic instruments	3320	
		5139	51519
		5239	52371
	Photocopiers	3000	
		5159	51514
	Blank recording material	2429	
		5152	51514
		5233	52356
	Paper	2101	
		5149	51492
		5239	52383

3. *Partial Copyright Industries*

Sector	Economic Activity	ISIC Rev.3.1.	ISIC CNE04
Apparel, textiles and footwear	Apparel, textiles and footwear	1810	1811+1812
		1721	
		1920	19201+19202
		5131	
		5232	5233
Jewelry and coins	Jewelry and coins	3691	3699
		5139	51342
		5239	52372
Other crafts	Other crafts	5239	52373
Furniture	Furniture	3610	36101+36102+36103
		5139	5154
		7130	71309
Household goods, china and glass	Household goods, china and glass	2610	26101+26103
		2029	
		2899	
		5139	5135
		5233	5235
Wall coverings and carpets	Wall coverings and carpets	1722	1729
		2109	
		5239	5232
Toys and games	Toys and games	3694	3699
		5139	
		5239	52393
Architecture engineering surveying	Architecture, engineering, surveying	7421	
Interior design	Interior design	7499	
Museums	Museums	9232	

4. *Non-dedicated Support Industries*

Sector	Economic Activity	ISIC Rev.3.1.	ISIC CNE04
General wholesale and retailing	General wholesale and retailing	511	51
		513	
		515	
		519	
		521	52
		523	
		525	
General transportation	General transportation	601	60
		602	
		61	61
		62	62
Telephony and internet	Telephony and internet	6420	64

Source: own elaboration based in WIPO

Annex 4: Argentine exports by category

Argentine exports by category in millions of US dollars						
	2003	2004	2005	2006	2007	2008
1. Primary Products	**6,471**	**6,852**	**8,110**	**8,625**	**12,485**	**16,083**
Raw seafood	622	477	441	804	662	824
Hake	38	52	44	56	56	68
Corvina and other frozen	76	81	89	107	118	141
Crustaceans (shrimp, scampi)	383	216	85	369	291	385
Squid	73	79	171	170	115	157
Others	52	49	53	101	82	73
Fresh fruits	473	548	687	721	921	1,267
Apple	82	91	125	117	158	175
Pears and quinces	149	154	209	211	271	338
Citrus	182	224	248	235	326	572
Others	61	79	105	159	166	182
Grains and oilseeds	4,303	4,523	5,252	4,915	8,358	11,659
Wheat	941	1,367	1,281	1,472	2,016	2,566
Corn	1,235	1,195	1,368	1,264	2,253	3,553
Soy	1,843	1,738	2,296	1,779	3,435	4,621
Others	284	223	308	400	653	919
Cooper ore and concentrates	474	665	996	1,335	1,486	994
Other primary	599	640	734	849	1,059	1,338
2. Manufactures of agricultural origin	**10,004**	**11,927**	**13,142**	**15,265**	**19,214**	**23,883**
Meat	736	1,230	1,652	1,613	1,822	2,192
Bovine (fresh,refrig, frozen and corned beef)	592	1,015	1,356	1,281	1,393	1,620
Others	144	215	295	332	429	572
Fish and shellfish	255	322	353	418	422	446
Milk products and eggs	271	525	604	770	639	814
Fats, oils and waste of the food industry	6,341	7,008	7,323	8,537	11,692	14,853
Sunflower	553	562	718	700	630	1,512
Soy	2,085	2,344	2,247	2,790	4,419	4,922
Soy flours and pellets	3,267	3,607	3,798	4,363	5,748	7,197
Others	436	496	559	685	895	1,222
Hides and skins	727	837	836	918	1,007	934
Other manufactures of agricultural origin	1,675	2,005	2,374	3,010	3,633	4,644

3. Manufactures of industrial origin	**8,047**	**9,616**	**11,985**	**14,843**	**17,333**	**22,059**
Chemicals and related products	1,560	2,018	2,301	2,610	2,938	4,293
Artificial plastic materials	697	941	1,149	1,224	1,203	1,478
Paper, cardboard, printing and publishing	389	482	495	582	626	650
Textiles and clothing	211	272	291	309	329	385
Precious stones and metals	116	140	150	561	583	783
Base metals and their manufactures	1,545	1,713	2,319	2,484	2,817	3,470
Machinery, electrical equipment	865	1,063	1,324	1,569	1,976	2,427
Land transport equipment	1,433	2,060	2,891	4,034	5,319	6,506
Air, sea and river vehicles	536	47	97	357	396	845
Other manufactures of industrial origin	697	882	969	1,111	1,146	1,222
4. Fuel and energy	**5,417**	**6,181**	**7,150**	**7,813**	**6,949**	**7,996**
Crude oil	2,296	2,263	2,509	2,406	1,296	1,691
Fuels	2,024	2,442	3,014	3,413	3,945	4,350
Petroleum gases and others hydrocarbons	872	1,164	1,254	1,512	1,297	1,456
Electric power	37	67	101	193	104	202
Others	188	245	273	289	307	297
Total	**29,939**	**34,576**	**40,387**	**46,546**	**55,980**	**70,021**

Source: Balance of Payment, INDEC

Annex 5: Argentina 2020 Industrial Strategic Plan (Software)

The first meeting of the group for the implementation of the Software and IT Services Value Chain was held in April 2012 in the framework of the Industrial Strategic Plan Argentina 2020 (PEI). The objective is to achieve the quantitative goals set up by PEI 2020, such as the increase in the Gross Production Value to USD 7,330 million, the creation of 74,000 new jobs by 2020 and the increase in the number of university graduates per year with an average of 6,250 (2018-2020).

There were two operational guidelines organized in two roundtables with the presence of representatives of public and private sectors. These two guidelines are:

1. The training of specialised human resources.
2. Cross-sectoral production.

The main conclusions obtained in the first roundtable were the following:

– The available degree courses offered by universities and technical educational institutions are suitable for this particular chain.

– It is essential to increase the number of applicants to the technical degree courses and university courses associated with this particular chain.

– This increase could be achieved through the implementation of active promotion and communication policies targeted to primary and secondary level students through actions that prove both attractive and representative of the current professional scenario. The communication activities proposed were: stands in Tecnópolis (a technology fair in the City of Buenos Aires), promotion in public media and different activities in schools (lectures, contests, etc.).

– Programmes must be updated to cover the needs of this area regarding the relationship between content and the current professional scenario.

– It is essential to decrease drop-out rates in university courses. An important action that may provide a solution to this issue would be reducing the distance between the place of residence, the university and the workplace. This difficulty is mainly observed in Greater Buenos Aires. To deal with this matter, a project called 'La Empresa va a la Universidad' ('The company goes to the University') which is currently being developed at University of La Matanza (Universidad de La Matanza), is also being promoted in other universities in Greater Buenos Aires.

– Another proposed action to deal with drop-out rates is the implementation of different incentives to encourage employees to complete their university studies.

Conclusions drawn by the second roundtable include the following:

– This sector has the capacity to cover the Government´s demand for software and IT services.

The Government is willing to acquire nationally developed software as long as the products meet the established quality requirements. The proposed activity to promote the acquisition of nationally produced software is the encouragement of the dialogue between the Government and the companies in this sector.

– It was stated that a broader, better knowledge of the demands for technology in other productive chains is essential. In order to achieve this aim, there was a proposal for strengthening the relationship between CESSI (Chamber of Software and IT Services Companies) and other company chambers which represent various areas of business.

– The need for communication with the public sector at a local level to obtain municipal production maps to ascertain their technological demands was stated.

The following are other topics discussed:

– The importance of government promotion of the acquisition of products in the software chain by financing demand.

– CESSI's acceptance of the financing programmes set up by the Ministry of Industry. Certain necessary actions were stated though:

  – Improving the articulation and communication of the financing tools between companies, and

  – Analyzing the suitability of the available instruments to meet the financing needs of companies.

The following topics remain for further discussion in the near future:

– The international insertion of this sector.

– Financing supply and demand for products in this sector.

– Specialization patterns.

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