

Korea's Creative Industries as Inspiration for Ethiopia's Economic Development

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1. Introduction

The East Asian developmental state has inspired Ethiopia's economic development over the past three decades. East Asian intellectuals have influenced Ethiopia's leading political figures. However, the Ethiopian development model tends to be fragile and fractured as public support for the state development project has been minimal (Hauge and Chang, 2019). Despite this challenge, the Korean creative economy can serve as a better inspiration for Ethiopia's economic development. Korea is one of the most innovative and creative countries in the world today. The country exports a wide range of products, including animated films and video games (OECD, 2021). The government has introduced several policies and invested heavily in research and development to promote creativity and innovation (SKCCI, 2022). Ethiopia should take the success story of Korea's creative economy as a model to build its creative economy. The creative economy not only promotes economic growth and trade, but also social inclusion, cultural diversity, and human development. This study uses complexity thinking theory to understand the Korean creative economy and draw lessons for Ethiopia. The theory explains the interactions between creative practitioners in shaping products and processes (micro), the interactions between creative industries in local clusters or the role of cultural infrastructure in regions (meso), and the interaction between creativity, place image, and its global reach and connections (macro) (UNCTD, 2017).

2. The Socioeconomic Development Context of Contemporary Ethiopia

Ethiopia is one of the largest economies in sub-Saharan Africa in terms of national income. It is also the second most populous country after Nigeria, with 110 million people, nearly 70% of whom are under 30 years old (UN estimate, 2020). For more than a decade, the Ethiopian economy experienced remarkable double-digit real GDP growth. As a result, poverty has

declined significantly, from 44.2 percent in 2000 to 20 percent in 2019, and high levels of public investment in infrastructure, human capital development, and agricultural expansion have fueled the country's growth (PDC, 2020). However, the country is struggling with macroeconomic imbalances, civil war, the COVID -19 pandemic, climate change, mass migration and refugee crises, and security threats to sustainable development. The World Bank considers maintaining strong growth and reducing poverty through improved governance and job creation as the key challenges for Ethiopia's development. Ethiopia's Ten-Year National Development Plan (2021-2030) outlines the country's eight¹ key challenges. Since April 2018, the Ethiopian government has formulated a Home Grown Economic Reform (HGER). The reform, based on Ethiopia's 10-year development plan, aims to transform Ethiopia from a low-income agricultural country to a middle-income industrialized country by 2030. Ethiopia's vision is to be "an African beacon of prosperity" by 2030 (PDC, 2020).

Table 1: Historical Sectoral Composition of GDP (%) and 2030 targets

| <u>Sectors</u> | <u>2011</u> | <u>2015</u> | <u>2019</u> | <u>Plan target for 2030</u> |
|----------------------|-------------|-------------|-------------|-----------------------------|
| <u>Agriculture</u> | <u>45</u> | <u>39.7</u> | <u>32.8</u> | <u>22</u> |
| <u>Industry</u> | <u>15.1</u> | <u>21.2</u> | <u>27.6</u> | <u>35.9</u> |
| <u>Manufacturing</u> | <u>4.7</u> | <u>5.5</u> | <u>6.8</u> | <u>17.2</u> |
| <u>Service</u> | <u>39.9</u> | <u>39</u> | <u>39.4</u> | <u>42.1</u> |

Source: PDC, 2020, Alignment with SDG and Agenda 2063

The Ten-Year National Development Plan (2021-2030) incorporates the SDGs and the African Union's Agenda 2063, which includes seven Aspirations. Aspiration 5 of Agenda 2063 highlights the value of cultural and creative industries (PDC, 2020).

¹ Macroeconomic imbalances; vulnerability to shocks such as Covid-19, climate change, locust infestation; low economic growth and large inequality in infrastructure projects; poor quality of health and education; underperformance of productive sectors (agriculture, industry, and services), especially low productivity and interconnectedness; Challenges in stabilizing inflation; sluggish structural transformation and weak sectoral linkages; growth was largely driven by public sector investment, while the private sector was traditionally underdeveloped, limiting productivity and competitiveness, export opportunities, and job creation.

3. The Notion of Creative Industries

The creative economy includes activities ranging from traditional folk arts, cultural festivals, books, painting, music, and performing arts to more technology-intensive areas such as design and the audiovisual industry. The concept of creative industries is still new worldwide. However, creative goods can lead to economic growth, job creation, and export revenues. For example, Korea's digital animation products have made good progress in penetrating markets around the world. India's movies and software have made inroads into the global market. Mexican television channels have reached a global audience. Creativity and innovation are now the drivers of the new economy. Creative goods promote not only economic growth and trade, but also social inclusion, cultural diversity, and human development. Developing countries should also promote, protect, and support their creative industries (OECD, 2021). However, the term "creative economy" is complicated. The term was first used in 1994 in an Australian report titled Creative Nation. In 1997, policymakers in the United Kingdom established the Creative Industries Taskforce. This term encompasses commercial activities beyond the arts (UNCTAD, 2017). UNESCO defines creative industries as industries engaged in the creation, production, and marketing of intangible and cultural products. The UK Department of Culture, Media and Sport (DCMS) defines creative industries as those industries that have their origins in the creativity, skills and talent of people. Overall, different organizations have defined creative industries in different ways and followed different models (Dal Yong Jin, 2012).

4. Creative Industry for Ethiopian Development

Development usually means both intentional and unintentional processes of change and evolution to a new situation. It can mean democracy, health, food and water security, equal opportunity and access to resources, social equity, justice, or economic prosperity. The UN development program describes development through sustainability, equity, justice, and responsibility within and between generations. Culture is often seen as a positive cause or outcome of development. Sometimes, however, it can be an obstacle to development. The debate over the role of the state in economic development has always been at the center of development studies, which focus on whether development is market- or state-driven (Chang, 2020)

The creative economy has a long tradition in Ethiopia. The current Ethiopian constitution clearly expresses the role of cultural industries in economic, social, and cultural development. The country's cultural policy focuses mainly on detailed planning rather than creating conditions for implementation. According to Wassihun (2018), the Ethiopian creative sector's ability to export globally is currently limited for several reasons, including the lack of infrastructure and the low level of education among the population. However, this situation can be improved through policy measures. The creative industry is helping the Ethiopian economy move away from traditional agriculture and manufacturing. It can generate 4% of Ethiopia's GDP (PDC, 2020).

5. Korea's Creative Economy

Korea has successfully invested in its people and their talents. Since the mid-1990s, the Korean wave has become a global sensation. Recently, the country has been making inroads into Europe and North America with HALLYU, popular music (K-pop), games, animated and cartoon films, and webtoons. For example, "Parasite" at the Oscars and "Squid Game" on Netflix have made history. The young generation is now moving from the cultural to the creative industries. The country is becoming a superpower in entertainment and technology. The government's investment in these sectors has triggered this massive transformation. In her 2013 inaugural speech, President Park Geun-hye defined the creative economy as the convergence of science and technology with industry, the merging of culture and industry, and the flourishing of creativity across boundaries that were once fraught with barriers. It is about moving beyond rudimentary expansion of existing markets and creating new markets and new jobs based on convergence. The president announced several policies, action plans and strategies to make the creative economy a reality. Park proposed seven strategies to lay the foundation for a creative economy: creating new markets and jobs, developing software as the growth industry of the future, realizing the creative economy through opening up and sharing, realizing the nation for startups, building a recruitment system that goes beyond specifications, promoting K-Move, where Korean youth move the world, and creating the MSIP (Ministry of Science, ICT and Future Planning). These strategies are still working in Korea today (OECD, 2021).

6. Lessons Ethiopia draws From Korea's Creative Industry

Ethiopians have been a creative people for centuries. Ethiopian handicrafts, music, textiles, and architectural designs have demonstrated a quality that could make them competitive commodities. Regardless of how the creative economy is defined and classified, Ethiopia, like Korea, can invest in the creative economy to create a creative economy. Like Korea, Ethiopia needs to clearly define the terms "creative economy," "creative industry," and "creativity" in its policies and regulations. The country should define the process for enforcing policies on creative industries and intellectual property rights. It should create an action plan for the creative industries and a plan for an innovation center for businesses and the creative industries. Ethiopia also needs a budget for the creative economy and should establish creative economy organizations.

The public sector, private sector, and nongovernmental organizations involved in the creative economy should work together to expand the digital economy in the country. The government should expand Internet coverage and promote entrepreneurship education and measures to improve access to private sector investment and financing to support the cultural and creative industries. The Korean model emphasizes the government's leading role in designing and implementing policies for the creative industries. The Ethiopian model, on the other hand, should reduce the government's role in managing the national creative economy in order to promote individual creativity. Ultimately, industries transform both Ethiopian institutions and Ethiopians. In addition, the government should work with UNESCO and the World Bank to develop policies and laws to ensure the success of these efforts. Most importantly, Ethiopia, like Korea, should teach children how to use their imagination and creativity to boost the creative industries.

The South Korean content market generated total revenue of approximately 126.7 trillion South Korean won in 2019 (SKCCI, 2022). Similarly, Ethiopia's various creative industries subsectors in market size, regional development zones, and joint ventures with other countries can generate huge amounts of national revenue. Encouraging public-private collaboration is necessary. The Ethiopian government should support small and medium enterprises and start-ups. The country should also develop policies to promote the convergence of science and technology with industry, the fusion of culture, industry, creativity and entrepreneurship. Like Korea, Ethiopia is also focusing on promoting creative industries and using its capacities in education, research, and

information and communication technology. The number of days to open a business must be reduced.

7. Conclusion

The creative industries have contributed to job creation and played an important role in promoting trade. The current Ethiopian government should mobilize the creative skills of the youth. As Ethiopia seeks to diversify its economy and move away from overdependence on agriculture, the creative industries can play a role in this process. In summary, Ethiopia today has better prospects of becoming a creative country, and there is room to promote a creative economy. To this end, Ethiopia can learn from Korea in formulating and implementing creative economy strategies and developing the creative economy.

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