



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



MUSIC INDUSTRY'S CONTRIBUTION TOWARDS INCLUSIVE AND SUSTAINABLE DEVELOPMENT

The Case of Cuba «the Music Island»



STRENGTHENING THE COMPETITIVENESS, ORGANIZATIONAL PERFORMANCE AND EXPORT CAPACITY OF THE CUBAN MUSIC INDUSTRY



MUSIC INDUSTRY'S CONTRIBUTION TOWARDS INCLUSIVE AND SUSTAINABLE DEVELOPMENT

The case of Cuba, the music island



SEPTEMBER 2017



The undertaking of this study counted on the participation of researchers, specialists and management officials of the system of institutions of the Ministry of Culture of Cuba (ICM, CIDMUC, CENDA, ACDAM, CUBARTE), its record labels (EGREM, Bis Music, Abdala, Colibrí), the United Nations Industrial Development Organization and international consultancy Sound Diplomacy. With the information collected, this document was drafted by the following persons:

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The proposal of development strategy for the Cuban music industry presented in this document is in process of validation by the Ministry of Culture and its system of institutions. Data and statistical analysis indicate estimates and constitute a first approach in dealing with the Project and therefore will be submitted to revision and systematic update by the relevant actors that conform it.

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Presentation

Music industry's contribution towards inclusive and sustainable development. The case of Cuba, the music island is a document constituted within the framework of the international collaboration project «Strengthening of the competitiveness, organizational performance and export capacity of the Cuban music industry», developed by the United Nations Industrial Development Organization (UNIDO) and the Ministry of Culture of Cuba (MINCULT), with financial support from the Korea International Cooperation Agency (KOICA). This is the result of its first year implementation supported by research and educational training actions conducted by experts, directors, specialists, musicians and other actors of the sector in Cuba, jointly with Sound Diplomacy.

The first chapter, *Cultural and creative industries for an inclusive and sustainable development*, provides an overview of the global context of this group of activities and its impact on Latin America and the Caribbean; its potential for income generation through trade and intellectual property rights; its direct relationship to popular knowledge, culture, art, and economy; and its close link with other industries like tourism. The cultural and creative industries have an increasingly significant impact on the regional cultural policies and a growing visibility within the social and economic development strategies. In this sense, UNIDO promotes the music industry as a development tool to contribute towards the Sustainable Development Goals 2030 (SDG).

In the specific case of Cuba, opportunities are seen within the music industry, this being one of the most widespread art forms which has made the country gain the world designation of «The Music Island». Likewise, the democratic and inclusive cultural policy and the system of cultural institutions allow the massive access to culture in Cuba as well as the diversification of the goods and services it generates.

The second chapter, *Current context of music industry in Cuba*, describes the status of the Cuban music industry by analyzing the accumulated knowledge regarding technical, technological, political, scientific, economic and legal aspects, related to all processes of the value chain of the music industry. The document reviews the Cuban institutional system that promotes and protects diversity of music genres and expressions. The national system encourages the professionalism and the high level of the large number of music creators who likewise benefit from the public artistic education in the country. In addition, the study reflects the main challenges to be faced to achieve better performance of the music industry.

Finally, the third chapter, *Proposal of a national strategy for the music industry*, presents the main features of the development strategy. In the value chain approach applied, the different actors of the Cuban music industry participate from music creation to consumption and the institutions and managers are mainly responsible for execution and systematic evaluation. This document describes the essential values and general and specific objectives of the proposal, as well as all phases including the specific actions to be carried out.



A person's silhouette is shown from the side, with their arms raised in a gesture of celebration or excitement. The background is filled with numerous out-of-focus, warm-toned lights, creating a bokeh effect that suggests a festive or concert-like atmosphere. The overall mood is vibrant and energetic.

**CULTURAL AND CREATIVE
INDUSTRIES FOR AN INCLUSIVE
AND SUSTAINABLE
DEVELOPMENT**



Cultural and creative industries at global level and in Latin America and the Caribbean

Within the international context, cultural and creative industries (CCI) are defined as «cycles of creation, production and distribution of goods and services using intellectual capital and creativity as primary inputs».¹ They constitute a group of activities based on knowledge of a clear artistic component, and represent potentials for income generation from trade and intellectual property right. The services and products –tangible and intangible– comprised by these industries also have an impact due to their social and cultural influences.

Relationship between popular knowledge, culture, art and economy is evidenced in the traditional festivals of many developing countries and other regions. While generating cultural value and projecting a nation's identity in the world scene, these festivals significantly impact the local economy through marketable goods such as live or recorded performances and indirect tourism expenditures encouraged by these performances. Such interconnections are also influenced innovation based on the current information age and the digital era. Therefore, CCIs also support science and technology industries. Undoubtedly, this is a key sector for economic growth and an important source of job creation.

According to the last Cultural Times report, published in December 2015, CCIs generate total incomes of US \$ 2.25 trillions, representing 3% of global GDP. Likewise, they encompass more than 29.5 million jobs in the whole world, music being the third of all industries offering more jobs (3.98 million jobs).² On the other hand, CCIs are also a key boost for digital economy; in 2013, creative content contributed with US\$ 200 trillion digital sales globally, encouraging the sale of digital equipment and increasing demand for high bandwidth telecommunication services (See Figure 1).



*CCIs generate total incomes by US\$ **2.25 trillions**, representing 3% of global GDP.*

¹ «The Creative Economy Report (2008, 2010)», published by UNCTAD.

² «Cultural Times, the First Global Map of Cultural and Creative Industries», *World Creative*. (2015), available in: http://www.worldcreative.org/wp-content/uploads/2015/12/EY-CulturalTimes2015_Download.pdf

NORTH AMERICA

Third most important market of CCIs but first digital content consumer.

- Number one in TV content and film sales
- Leader in performing arts
- Solid live music market



LATIN AMERICA AND THE CARIBBEAN

Television is the star in this region, generating a third of total income of CCIs

- Argentina and Colombia are among the world's first five world exporters of TV programs
- The film sector plays a key role in Argentina, Brazil and Mexico
- More than 400 films are produced annually in these regions



★ **BRAZIL**
 Number one music market in Latin America

Source: "Cultural Times. First world map of cultural and creative industries". EY, December, 2015. Available in: http://www.worldcreative.org/wp-content/uploads/2016/03/EY_CulturalTimes2015_ES_Download.pdf

FIGURE 1. WORLD MAP OF CULTURAL AND CREATIVE INDUSTRIES, 2015

In addition to the economic benefits aforementioned, the development of CCI brings forth cultural value. These industries promote social inclusion because the nature of their activities link social groups together and strengthen cohesion among them. They also play a key role in the educational system, providing inputs that facilitate social and cultural education. It is important to bear in mind that the transverse nature of CCIs makes the growth strategies of these particular industries have an indirect effect on other development areas.

In the case of Latin America and the Caribbean, creative economy is becoming more important within regional cultural policies and is witnessed within

EUROPE

Second market of CCI and number one in publicity:

- Sole concentration of heritage monuments, more than 5,500 schools of art, with 7 out of the 10 most visited museums in the world
- Leaders of the sector: Universal Music Group, Publicis, WPP, Pearson, Axel Springer, Vivendi, Ubisoft, Hachette.



MUSIC INDUSTRY'S CONTRIBUTION TOWARDS
INCLUSIVE AND SUSTAINABLE DEVELOPMENT
THE CASE OF CUBA «THE MUSIC ISLAND»

★ **NOLLYWOOD**
2000 Annual film
production

★ **BOLLYWOOD**
3000 Annual film
production

★ **JAPAN**
Yomiuri Shimbun newspaper
sells 10 thousand copies
per day

AFRICA AND THE MIDDLE EAST

A cultural mosaic boosted by linguistic diversity, and a growing and well-connected young population

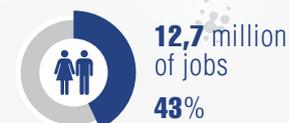
- Africa is promoting its popular music in Europe and the Americas
- Television is number one CCI in Africa
- The film industry is growing quickly



ASIA-PACIFIC

First market for CCI with the greatest consumer base and growing middle class

- No. 1 in videogames
- No. 1 in architecture
- No. 2 in films



the economic and social development strategies. Success for programmes set up by some countries at global scale, particularly, the approach of «creative cities»,³ has drawn the attention of cultural authorities and lawmakers of almost the entire region. Studies carried out to measure the impact of these industries⁴

³ <http://en.unesco.org/creative-cities/home>

⁴ «The Creative Economy Report» (2013) published by United Nations/UNDP/UNESCO, available in: <http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf>.

show two relevant facts: greater availability of statistics and information and the growing preparation of governments in promoting initiatives in this sector. For example, in 2015, a 6% of total income from CCIs was reached at a global level.⁵ In Latin America and the Caribbean, such contribution varies considerably from one country to another, each demonstrating different cultural richness as well as the availability of statistics and methods for its measurement.

Tourism linked to heritage generates important incomes for local communities and also represents an opportunity for creative expression and social integration of the different cultural and ethnic communities of the Caribbean countries. In 2015, this activity grew by 7%, primarily in Cuba (+18%), Aruba (+14%), Barbados (+14%), Haiti (+11%), Dominican Republic, and Puerto Rico (both with +9%).⁶ In Central America and South America the growth rate was also 7%, representing incomes of 65 trillion USD for the entire Latin America and the Caribbean region in 2015.

Figures show that the region's economies could greatly benefit from the creative industries huge capacity to generate wealth and employment. However, despite the great cultural value of the region, the role played by these industries in the global market is still limited.

The music industry within the creative universe



*... the music industry
contributes significantly
to the development of all
countries.*

Music is one of the art forms with great presence and social impact. It is a widespread cultural practice which is linked to a diversity of goods and services. As a generator of economic benefits and employment, the music industry contributes significantly to the development of all countries and multiple sectors. It likewise encourages online and digital innovation, contributing to the inclusion of and employment for young people.

At world scale, recorded music in 2015 generated incomes amounting to US\$ 15 billions (See Figure 2), showing a growth by 3.2% compared to the previous year. According to the International Federation of the Phonographic Industry (IFPI), this is the most noteworthy increase since 1995. Currently, income per digital sales is more than half of the recorded music market. Rights of public performance keep increasing as another profit source, being responsible for 14% of total incomes of the recorded music industry, which have doubled over the last decade.⁷ By concept of live music, an increase has been also evidenced over the last years and incomes have been estimated to reach a CAGR (Com-

⁵ «Cultural Times, the First Global Map of Cultural and Creative Industries», *World Creative*. (2015), available in: http://www.worldcreative.org/wp-content/uploads/2015/12/EY-CulturalTimes2015_Download.pdf

⁶ UNWTO Tourism Highlights, July 2016 Edition. Available in: <http://www.e-unwto.org/doi/book/10.18111/9789284418145>

⁷ Ifpi.org. (2016). IFPI Global Music Report 2016. Disponible en: <http://www.ifpi.org/news/IFPI-GLOBAL-MUSIC-REPORT-2016>.

pond Annual Growth Rate) of 3.0% by 2020, according to Global Entertainment and Media Outlook.⁸

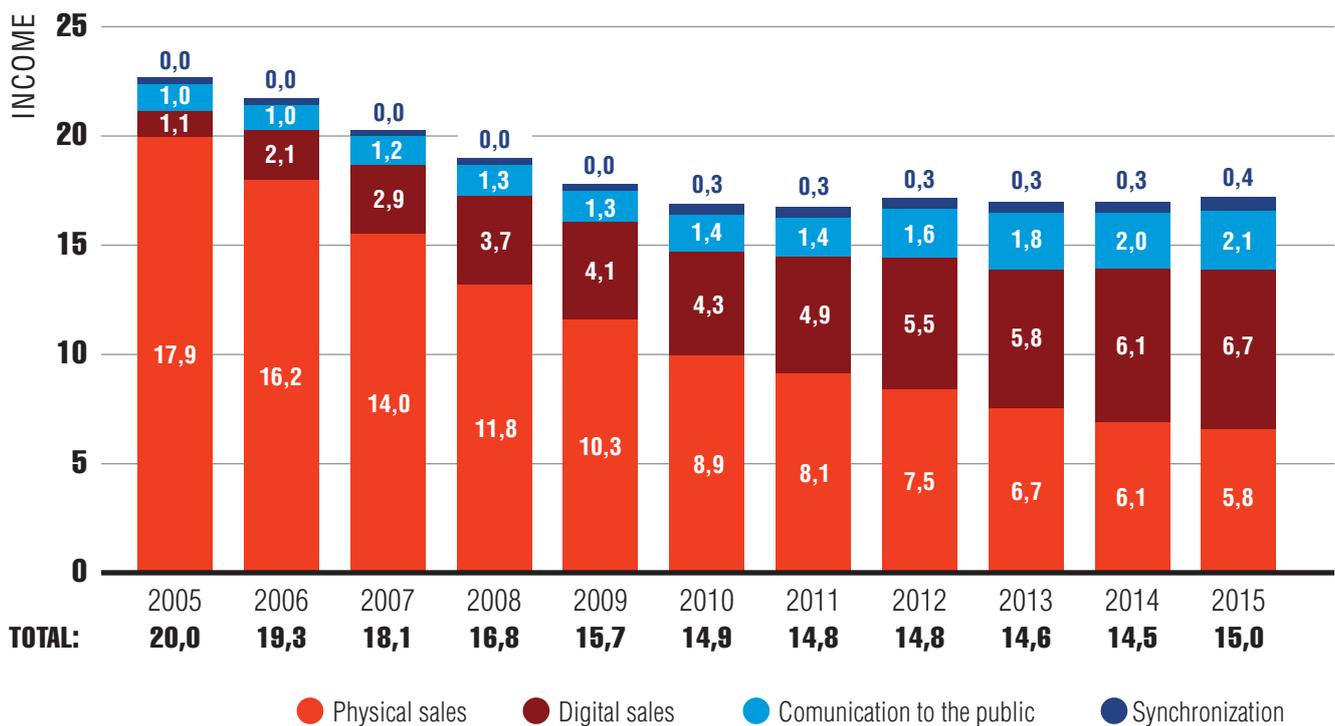


FIGURE 2. WORLD SALES OF RECORDING MUSIC, 2005-2015 (THOUSANDS OF MILLIONS USD)

SOURCE: MUSIC WORLD REPORT, IFPI, 2016

Music can also be a tool for sustainable urban development. This is evidenced by the «musical cities»⁹ or «night economy»,¹⁰ approach that was recently adopted by several countries. These initiatives involve representatives from the local government, lawmakers, academics, music industry agents, and urban planners aimed at boosting:

- creation of jobs;
- increase of local economic incomes;
- enhancement of tourism management;
- reinvigoration of urban areas;
- retention and attraction of talent and investment;
- social integration and rationalization of urban infrastructure.

⁸ PwC Ovum (2016), Global Entertainment and Media Outlook 2016-2020 available in http://pwc.blogs.com/files/em_outlook_080615.pdf.

⁹ <https://blogs.iadb.org/ciudadessostenibles/2016/04/29/music-cities-2/>

¹⁰ <http://www.hypebot.com/hypebot/2017/08/music-cities-as-infrastructure-.html>

For the fifth year running, Latin America spent more money in music than any other region in the world. Latin consumers are willing to pay for digital music and online reproduction more than ever before, according to an IFPI report published in 2016.¹¹ Growth was positive for all regions but total growth for Latin America was eight-fold greater than that of North America, the biggest world music market (See Figure 3).

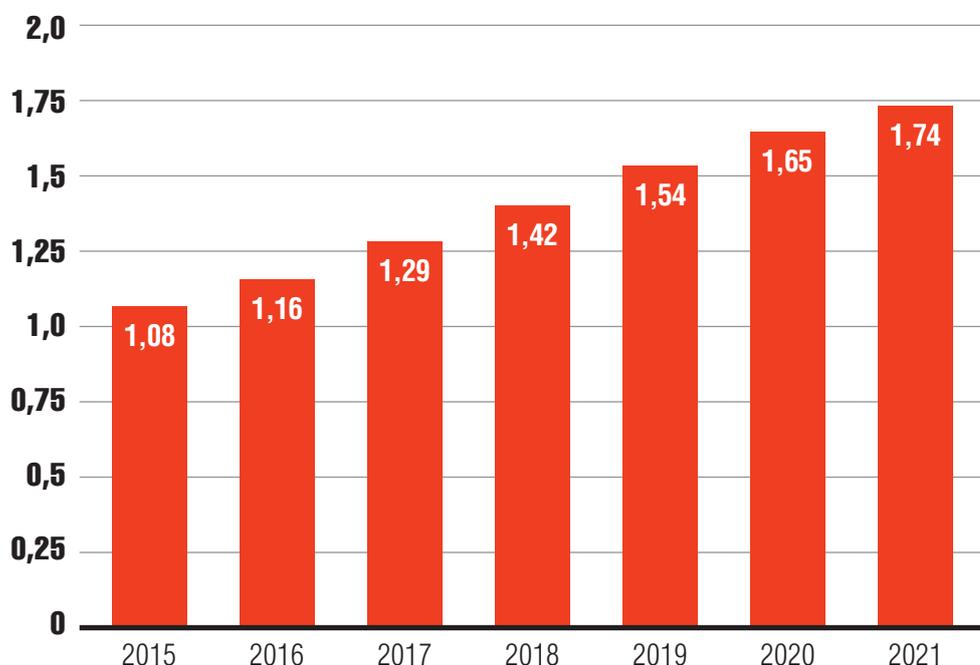


FIGURE 3. MUSIC INCOME GROWTH FORECAST IN LATIN AMERICA.

Source: The Statistics Portal

In a region very affected by piracy, live and recorded music contribute significantly to the creative industry. Just like the rest of the world, music streaming is growing very much and increasingly counting on more pay users, since it is an easy way of having access to big music catalogues. In 2015, 40% of incomes from digital music in Latin America came from streaming.¹² Currently, streaming has been consolidated as the major source of musical income in many other countries.

Surprisingly, despite an international approval of its music, Latin America and the Caribbean is a small part of the world's recorded music market. Mexico is the region's greatest exporter, followed by Argentina. Brazil is also an important music producer, with a great domestic market but with a relatively low contribution to music exports in its trade balance. The case of these countries demonstrates the structural problems associated with commercialization and distribution, which are also suffered by some Caribbean islands in receiving incomes from reggae music to calypso, among other genres.

¹¹ Ifpi.org. (2016). IFPI Global Music Report 2016, available in: <http://www.ifpi.org/news/IFPI-GLOBAL-MUSIC-REPORT-2016>.

¹² Ifpi.org. (2015). IFPI Global Music Report, 2015 available in <http://www.ifpi.org/downloads/Digital-Music-Report-2015.pdf>

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la PAPELETA

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CONCIERTO ÚNICO
Lugar: Escalinata de La Universidad

With the advent of new technologies, music development increasingly calls for more sophisticated production systems in general and industrial ones in particular. Within this context, developing countries need to be able to incorporate themselves in the trends that generate the world's wealth. The reality of Latin America and the Caribbean illustrates the difficulties these countries face in their efforts to attain the benefits of their own music. A big share of music is recorded in studios abroad, where it is published and distributed to world markets. Thus, the world sales of an artist's final product are counted in other places rather than the country of origin. Similarly, copyrights are collected in the country where the music is reproduced, and therefore, income from royalties and copyrights of musical pieces do not reach the country of origin on some occasions.

UNIDO's approach for creative industries

CCIs can have a very positive impact in achieving the Sustainable Development Goals (SDG), particularly in countries with developing economies in **SDG 8, 9** and **11**.

In this case, UNIDO contributes to **SDG 8** (decent job and economic growth) through strengthening of the local industry, economic diversification, promotion of exports and job creation. It is also committed to **SDG 11** (sustainable cities and communities); it fosters urban development, and it looks to promote innovation clusters, digital economy and the efficient use of resources in urban zones that link local businesses with global markets and supply chains. Even more associated with the mandate of the organization, UNIDO also intends to contribute significantly to **SDG 9** (industry, innovation and infrastructure), by inclusively supporting the local productive capacities, which provides more opportunities for women and the young, along with the access to advanced technologies and markets as well as strategic alliances and partnerships with key actors in the inclusive and sustainable industrial development (see Figure 4).



FIGURE 4. CONTRIBUTION OF UNIDO TO SUSTAINABLE DEVELOPMENT GOALS (SDG).

Source: http://www.unido.org/fileadmin/user_media_upgrade/Who_we_are/Mission/ISID_SDG_brochure_final.pdf

A dynamic creative sector will help to empower women, young population, rural groups and even isolated communities by using their national cultural heritage, their own knowledge and creativity. Indirect effects derived from the growth of CCIs are clearly visible in development of local economy, generating better jobs for the population and positively affecting the rest of industries. In addition, CCIs can adapt themselves easily to the

sustainability principles and objectives since they hardly demand a heavy infrastructure.

Therefore, UNIDO promotes a holistic approach based on interaction among economy, culture and technology. The approach is deployed in technical cooperation activities implemented through UNIDO's CCI programmes, which includes strategies and methods that have undergone a continuous progress. Aimed at identifying such areas in which entrepreneurs and enterprises may obtain a greater impact, UNIDO's activities imply an approach based on the creative ecosystem, incorporating value chain analysis and development of clusters, but without geographical constraint.

By applying these concepts, UNIDO has successfully designed and implemented a number of projects for the CCI development, and its interventions oriented to promote sustainability of technical cooperation and training in the beneficiary countries can be structured as follows:

- **At macro level**, supporting the development of policies and legal frameworks that adequately promote these industries and meet their needs; developing systems for reporting and monitoring indicators that can evaluate the sector's performance and thus improve its productivity and competitiveness.
- **At meso-level**, evaluating the offer and demand trends, identifying market niches; promoting cooperation among enterprises, educational institutions and research organizations to facilitate innovation and entry insertion in international value chains.
- **At micro level**, providing technical assistance to enhance creative goods and developing commercialization strategies for these products; improving their entry in the national market and promoting their export.



This approach has been successfully applied in a number of countries such as China, Egypt, Bhutan, Haiti, Ethiopia, Pakistan, Iran and Thailand, where inclusive and sustainable development of CCIs has been promoted.

At present, some of the most outstanding projects in the CCI sector, undertaken by UNIDO are:

- Development of thirteen CCI clusters in seven countries in the south of the Mediterranean (Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, and Tunisia),¹³ with funds from the European Union and Italy amounting up to U\$ 6.9 millions.
- Programmes for Industrial Upgrading and Modernization in two countries (Armenia, Tajikistan)¹⁴ with funds from the Russian Federation and the People's Republic of China amounting up to U\$ 2.7 millions.
- Strengthening the competitiveness, organizational performance and exporting capacity of the Cuban music industry,¹⁵ with funds from the Korea International Cooperation Agency (KOICA) amounting up to U\$ 1.3 millions. First project developed by UNIDO oriented to the music industry.

Cuba, the music island. Opportunities for developing its music industry



Cuba is well-known world wide as «the music island», and the Cuban arts is an important part of world cultural heritage. One of its main strengths is the Cuban artists, including the growing youth movement in the country that explores new forms of artistic expressions. The country is committed to the development of cultural and creative industries, given its recognition of national values and its potential to generate social welfare.

As a country, it implements a social project based on democratic access to culture in order to facilitate access of cultural goods and services and promote active participation of the different actors in the sector. Cuba has been an eager advocate of strengthening cultural institutionalism, which, has brought forth a great number of both positive and negative results.

This cultural policy has been the expression of a strong national will and it has allocated state resources that amount to 4.3% of the Cuban state's current expenditures and 3.9 % of its total expenditures. These numbers have ensured a public artistic education system which is significant for the creative processes of art forms and the production chain necessary for a professional movement that is better than that of many countries in the region.

¹³ <http://www.unido.org/clusters/cultural-and-creative-industries.html>

¹⁴ <http://www.unido.org/iump/iump-armenia.html>; <http://www.unido.org/iump/iump-tajikistan.html>

¹⁵ <http://industriamusical.es/cuba-pretende-incrementar-en-mas-de-un-20-la-produccion-y-exportacion-de-musica-en-formato-digital/>



All the aforementioned information is aligned with is the MINCULT and ICM programmes that are carried out for music development. It is based on the guidelines of the economic and social policies of the Communist Party and the Revolution for the term 2016-2021, approved on the 7th Congress of the PCC and by the National Assembly of People’s Power in 2016,¹⁶ and based on the Cuban economic and social model; as well as in the strategic axis of the National Plan of Economic and Social Development of Cuba 2030, specifically those referred to Production Transformation and International Insertion and Human Development, Equality and Justice.¹⁷

In the Cuban industrial economy scenario, cultural production is a relevant sector of the GDP, reaching together with sport an average of 3.6% and 4% in the last years;¹⁸ though having an inconsistent performance, it is growing faster

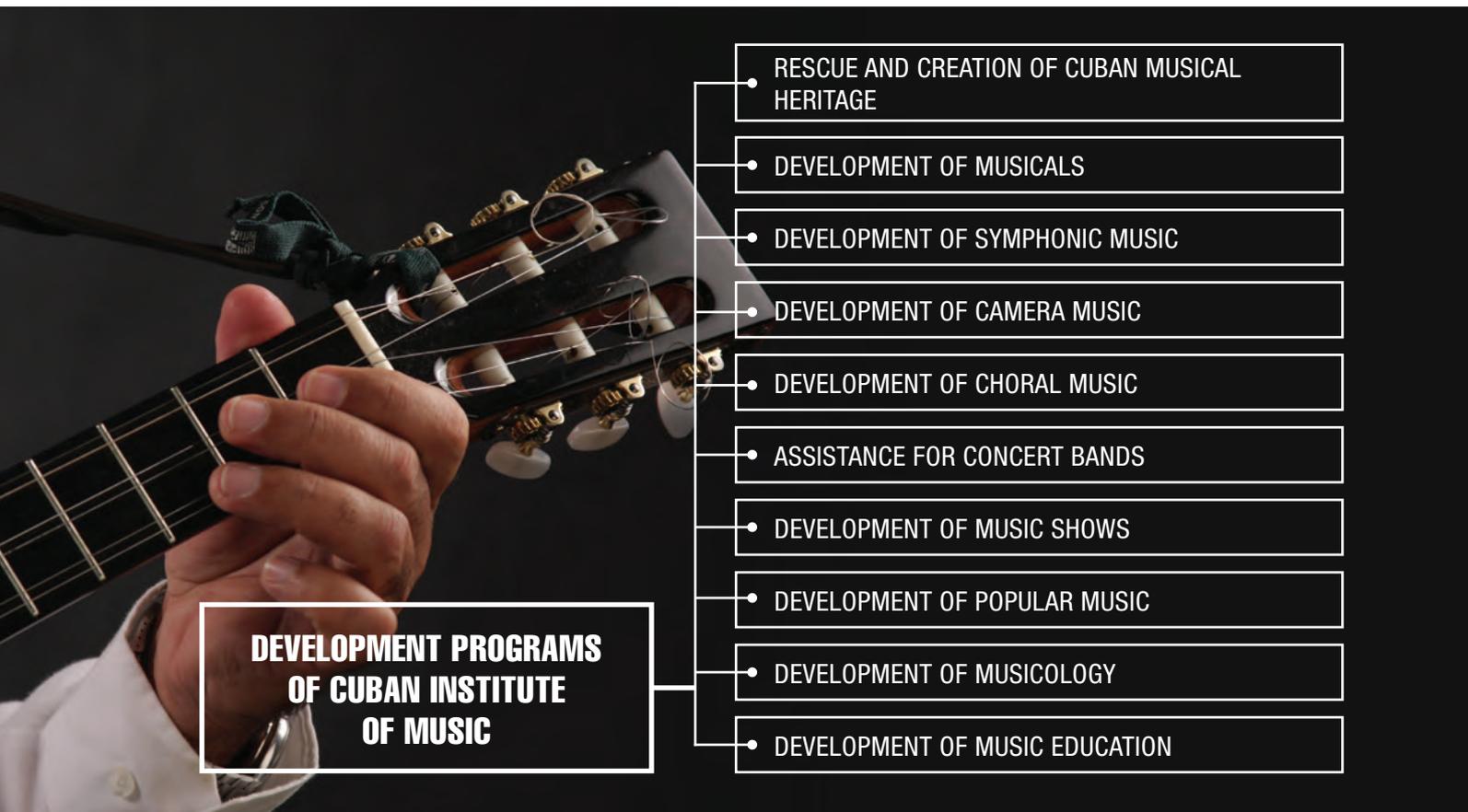
¹⁶ This document is in correspondence with what is stipulated in the Guidelines 133 and 134 for Culture referred to «[...] encouraging defense for identity as well as artistic and literary creation [...]» and «[...] the defense of tangible and intangible cultural heritage of the Cuban nation»; respectively. See: «Update of the guidelines of the economic and social policies of the Communist Party and the Revolution for the term 2016-2021, approved on the 7th Congress of the PCC in April 2016 and by the National Assembly of People’s Power in July, 2016», pag.30.

¹⁷ See: «Conceptualization of the Cuban economic and social model of socialist development and basis of the national economic and social development plan until 2030», June 2017.

¹⁸ Chapter «Cuentas nacionales y finanzas» of *Anuario Estadístico Nacional*, available in: <http://www.onei.cu>, 2014 y 2015 years.

than the country's total GDP. This illustrates its potential for direct consumption and productions as well as its ability to generate relevant inputs for the production of other goods and services such as tourism and education. These results have led to many new agreements with foreign agents interested in connecting with the Cuban cultural industry.

Music is one of the most widespread forms of art in Cuban society and relevantly contributes to the country's economy, generating economic benefits and jobs. Its main attraction results from the stock and diversity of traditional and contemporary genres, repertoires and performers that are characterized by their authenticity and creative diversity within the field of traditional, vocal, folk, popular, and concert music. The ICM, in its policy to nurture musical talent, executes dozens of development programs for the Cuban music that ensures a national effort and covers all the technical and artistic spectrum involved in expressing Cuban music.



These programmes have a positive impact on the territories. Additionally, from a methodological point of view, they set the policy guidelines for entry into the Cultural Development Programmes. Currently the inclusion of a new program for 2018 is evaluated, focusing on the development of the music industry.

Thus, the qualitative and quantitative level of Cuban musical creation is growing, counting on more than 16,000 professional musicians, 33 schools of music, 303 facilities for live performances, 286 stores for physical sales, 4 musical instruments factories, 4 record labels, and several recording studios. All of these aforementioned participants sustain and favor sales at the domestic and foreign markets of the sector (See Figure 5).

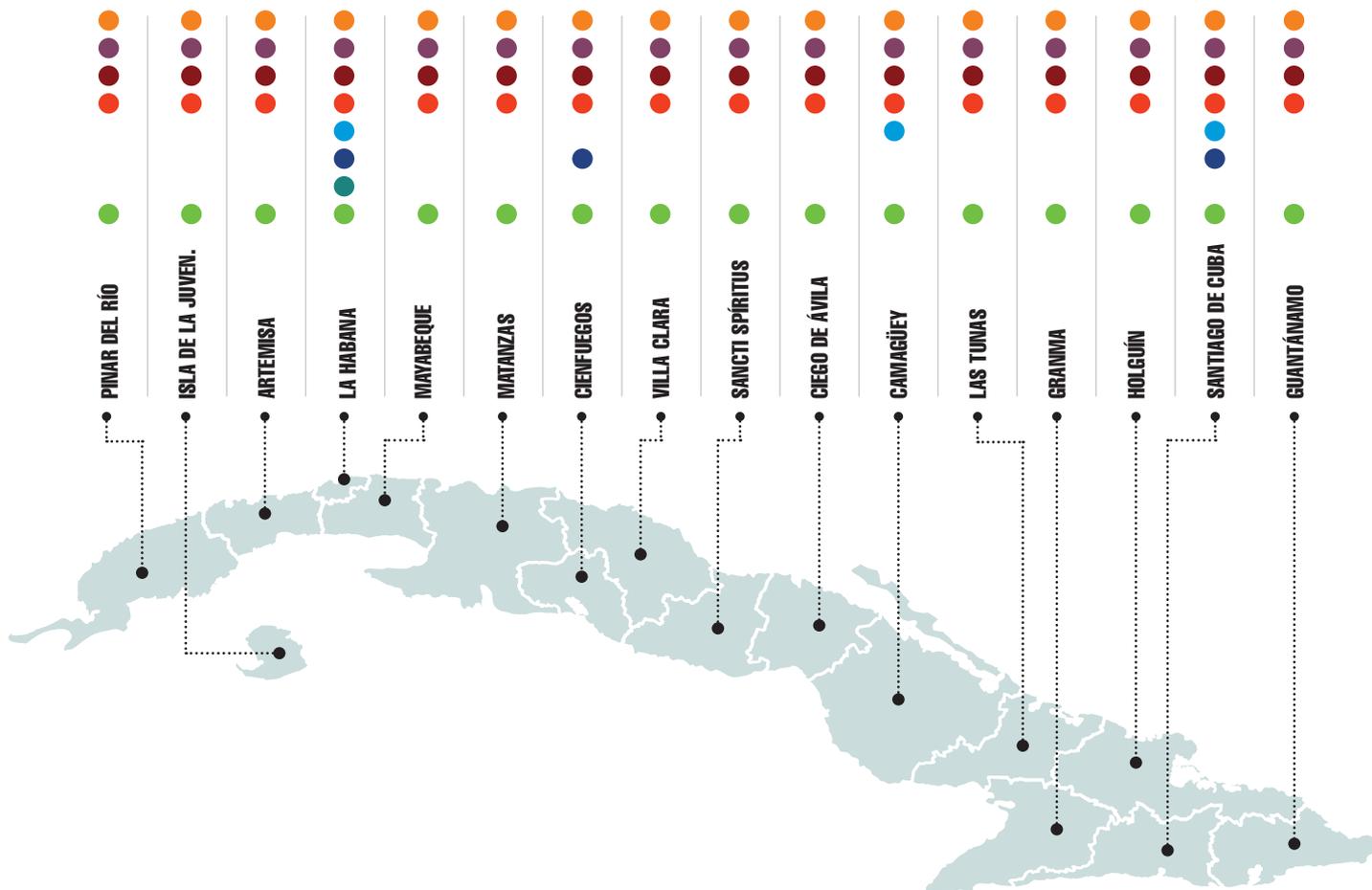


FIGURE 5. PRESENCE OF KEY ACTORS PER PROVINCE IN THE CUBAN MUSIC INDUSTRY.

Source: Information System and Analysis (CIDMUC, 2017)

- Musicians
- Music schools
- Facilities for live performance
- Music Stores
- Factories of musical instruments
- Recording studios
- Record Labels
- Composers

As a preliminary estimate, incomes obtained in 2016 through record labels, physical and digital sales, recording studios, and collection of copyrights amounted up to 51,073,492 Cuban pesos.¹⁹ Considering the unsatisfactory technology which still needs to be upgraded to cope with new requirements for production and music markets, as well as the distribution problem caused by the economic blockade imposed by United States, this number has significant meaning.

Greater development of these potential will allow a universal appraisal of the Cuban culture and its rich musical heritage. This will simultaneously have a positive impact on tourism²⁰ and it will provide opportunities to stimulate exports, employment and incomes from intellectual property.

¹⁹ Commercial Statements of Trade balances of Institutional Record Labels, 2016 and ACDAM, 2016.

²⁰ This document gives a comprehensive view that can be used in the Culture-Tourism relationship under Guideline 214 for Tourism: « to seek for art forms linked to tourist activities truly respond to the Cultural policy of the Cuban Revolution». See: «Update of the guidelines of the economic and social policies of the Communist Party and the Revolution for the term 2016-2021, approved on the 7th Congress of the PCC in April 2016 and by the National Assembly of People's Power in July, 2016», p 45.

International collaboration project for the strengthening of the Cuban music industry

UNIDO, KOICA and the Ministry of Culture of Cuba have launched the project «Strengthening the competitiveness, organizational performance and export capacity of the Cuban music industry» during the International Fair «Cuba Industria», held on June 2016 in Havana.²¹



²¹ <https://www.linkedin.com/pulse/strengthening-cuban-music-industry-unido-lac>

This project is part of the Country Program Framework UNIDO-Cuba 2016-2020 advocated by Mr. Li Yong, General Director of UNIDO, and Mr. Salvador Pardo Cruz, Minister of Industries of Cuba, on December 2, 2015 in Vienna, Austria, during the XVI Period of Sessions of the General Conference of UNIDO.²² The Country Programme has been formulated within the economic and industrial transformations promoted by the Government and the United Nations Development Assistance Framework, (UNDAF) implemented during the period 2014-2018.

It includes three main axis:

- | | | |
|---|---|---|
| <p>1</p> <p>Development of industrial policy and its strategy;</p> | <p>2</p> <p>All concerning competitiveness, value chains, modernization, industrial upgrading, energy and environment;</p> | <p>3</p> <p>Promotion of investments aimed at attracting direct capital and internalizing technology in the country.</p> |
|---|---|---|



REPRESENTATIVES OF UNIDO AND THE CUBAN GOVERNMENT DURING THE PRESENTATION OF MUSIC GROUP FRASIS, WITHIN THE FRAMEWORK OF THE COUNTRY PROGRAMME'S STEERING COMMITTEE.

²² <https://www.linkedin.com/pulse/mr-salvador-pardo-cruz-minister-industry-cuba-addresses-unido-lac?trk=mp-reader-card>

«It is important for me as well as for all musicians that the project supports the work that the institutions are doing with artists. Now I am working and making a great effort so that the work of young people and women in Cuba becomes well-known. There are good instrument players and some of them are band leaders».

Yissy García,
DRUMPLAYER/DIRECTOR
OF BANDANCHA

This first music-industry boosting project in which UNIDO participates promotes the «industrial» perspective of this sector to achieve sustainable and inclusive development:

- Made up of «several actors of the industry who work together towards a common goal», instead of the traditional network of artists that only generate a cultural product;
- Not only includes actors of music creation and interpretation, but also a significant group of activities associated with music production and diffusion;
- Oriented towards production, how the different actors interact, the incentives of direct actors who produce and distribute music, and the intermediaries who shape and transform the cultural products;
- Fosters development of sustainable trade relationships among entities linked to the music industry (tourist agents, hotels, dance festivals, restaurants that play music, IT providers, the radio, TV, TV channels, etc.);
- Seeks to support the policy-makers, legal and advisory sectors so that the music industry can operate more efficiently. This will create more revenue to distribute among all participants of the music value chain.

General goal of the project is to strengthen the music industry as a mechanism for job creation and economic diversification in Cuba. More specifically, the goal is to implement a series of activities that may lead to:

- increase competitiveness of the industry,
- promote corporate management,
- increase export value of the Cuban music and
- generate social benefits.



This is expected to be achieved by coordination, integration and synergies among all links of the Cuban music industry's value chain; updating production technologies; promoting strategic associations and alliances as well as developing marketing and international distribution strategies.

The project is being implemented jointly with the Ministry of Culture of Cuba (MINCULT) which acts as a national counterpart. In close collaboration with MINCULT, UNIDO has proposed a technical assistance intervention including a comprehensive approach to strengthen the music industry and facilitate an adequate creative environment for innovation.



MUSIC INDUSTRY'S CONTRIBUTION TOWARDS INCLUSIVE AND SUSTAINABLE DEVELOPMENT THE CASE OF CUBA «THE MUSIC ISLAND»



<p>INTERVENTION LEVEL OF THE PROJECT</p> <p>MACRO</p>	<p>MAIN INTERVENTIONS</p> <p>Strengthening the economic performance of the music industry's value chain through formulation and approval of a new development strategy.</p>	<p>ACTORS INVOLVED</p> <p>MINCULT and ICM</p>
<p>MESO</p>	<p>Improvement of the music industry's production capacities.</p>	<p>Record Labels and CUBARTE</p>
<p>MICRO</p>	<p>Adoption of innovation strategies for commercialization and distribution of the music.</p>	<p>Artist management agencies, producers and composers, societies of authors and copyrights management, traders of cultural products, etc.</p>



PROJECT PRESENTATION AT HAVANA FAIR 2016 BY EXECUTIVES OF MINCEX, MINCULT AND UNIDO



Other entities of the Cuban music industry also actively participate in all the project's actions:



Instituto Cubano de la Música (ICM) (Cuban Institute of Music): The institution of MINCULT that organizes, promotes, sponsors, and protects the Cuban music movement.

Casas y sellos discográficos (Record labels): Enterprise of Recordings and Musical Editions (EGREM), Colibrí Productions Record Label and Musical Editions, Bis Music Record Label and Editions of ARTEX, and Abdala Productions S.A.: They cover all types of negotiations within the industry, ensure preservation of music, and focus on recording, national and international broadcasting, and commercialization of artistic talent.



Centro Nacional de Derecho de Autor de Cuba (CENDA) (National Center for Copyright of Cuba): Entity in charge of implementing and monitoring the application and control of the policy approved for copyright protection.

Centro de Investigación y Desarrollo de la Música Cubana (CIDMUC) (Research and Development Center of Cuban Music): Institution in charge of providing methodological and scientific advice for the social and historical research of music. It offers training courses, and organizes national and international events about science and technology. It also commercializes markets products and services, and files such as publications and audio visual resources.

Instituto Cubano de Investigación Cultural Juan Marinello (Cuban Cultural Research Institute): Its main goal is to contribute to the cultural policy of the country through social research and academic debate. Also, it controls and provides advice for the system of research units under the Ministry of Culture.



Artistic and Literary Promotions (ARTEX S.A.) (Cuban Art Products and Services S.A.): Entity whose main corporate purpose is promotion and marketing of a wide spectrum of cultural products and services of Cuba.

Centro de Informática en la Cultura Cubana (CUBARTE) (Information Center in Cuban Culture): Entity in charge of design, support, and supervision of national IT policies for the culture sector; it produces cultural goods on digital platforms, and seeks for integrity and security of the Network.

Agencia Cubana de Derecho de Autor Musical (ACDAM) (Cuba Agency of Music Copyright): A collective management of national and international authors' musical copyright.



Centro de Desarrollo y Comunicación Cultural (CREART) (Center of Cultural Development and Communication): Entity mainly in charge of representing and spreading the cultural policies of institutions, encouraging and promoting cultural initiatives and actions as well as disseminating the relevant experiences and results through mass media.



Likewise, other institutions and actors of the sector equally and indistinctively participate in the project. They are: provincial enterprises of music and performances, artist management agencies, music publishing companies recording studios, stores, distributing companies and music selling entities. They include musicians, composers, producers, traders, legal advisors, announcers, musicologists, and researchers, who are all direct and indirect beneficiaries of this project.

In the first year of project implementation, the Cuban music industry has benefited in the follow ways:

PROFESSIONALISM:

- Execution of six training workshops with participation of 56 institutions and technical consulting agencies, 10 enterprises, and national and international experts; 307 specialists and directors were trained, of whom 56.7% are women and 21.8% are young, coming from 6 provinces of the country.²³



«The project has come to enrich the culture of record labels in our country. It not only promotes and spreads Cuban music to a global audience, but also provides an opportunity for bands, soloists and other musicians to connect with relevant counterparts, gain knowledge, improve themselves and promote their music».

Heidi González,
EGREM PRODUCER



TRAINING WORKSHOP AND CONSULTING SESSIONS WITHIN THE PROJECT'S FRAMEWORK

²³ Workshops imparted so far are « Training for high government officials and experts of the sector: Support to MINCULT in Development of New Business Models for the Music Sector» (in Havana and Santiago de Cuba); «Effective Business Models for Agents of the Sector»; «Professional Formation for Producers and Musicians of the System of Institutions of Music in Cuba» (in Havana and Santiago de Cuba) and «Improvement of Capacities for Intellectual Property Rights in the Cuban Music Sector». These were imparted by specialists of the International consultancy Sound Diplomacy.

- Design of a development strategy for the Cuban music industry, based on research and comprehensive view of the value chain. This provides a number of proposals that strengthen the industry while considering the challenges and opportunities of this field in the country.
- Launching an Information and Analysis System. A tool that will provide detailed and mapped statistical information of all actors in the value chain. This will provide an accurate diagnosis and help the decision-making process within the sector.

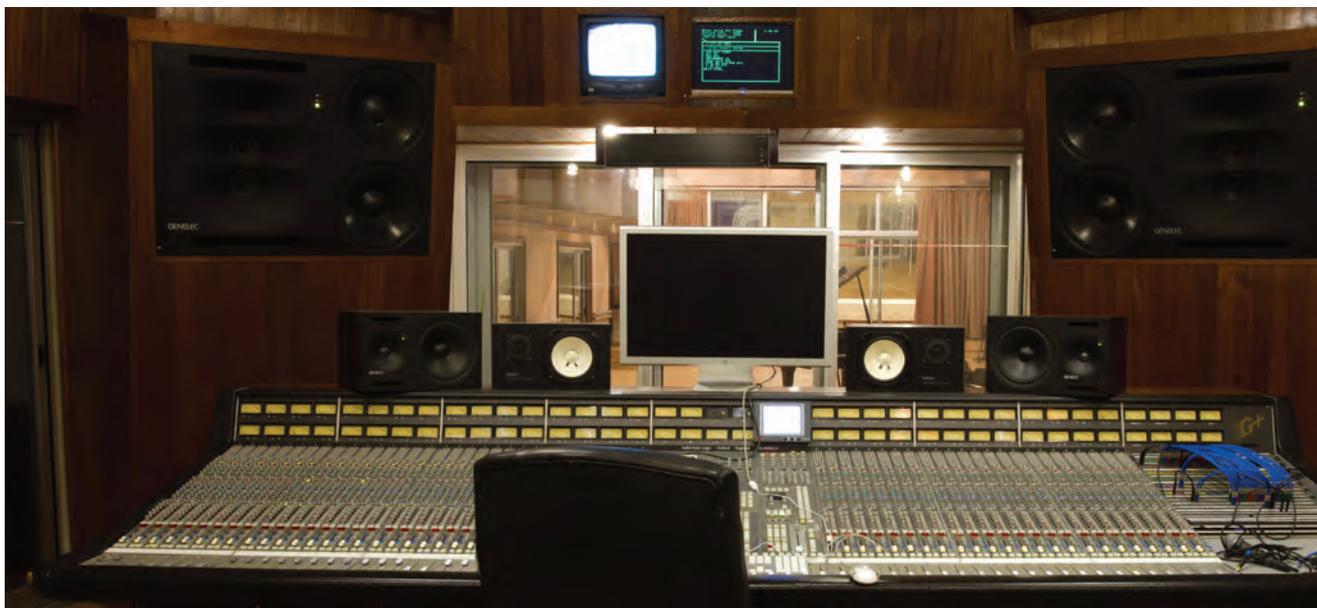
INFORMATION AND ANALYSIS SYSTEM. SAMPLE OF INDICATORS

CREATION	Totals	Sex		Age range				Highest education level			
		Woman	Man	20-30	30-40	40-60	> 60	Elementary level	Medium level	Superior level	No formal studies
2.1 Composers/writers											
2.2 Lyricists											
2.3 Performers											
Solo Vocalist											
Solo instruments											
Backstage instruments											
Orchestra directors/ Conductors											
Choral directors											
Disc Jockey (DJ)											
Electronic music DJ/ producers											
Poets											
Musical Comedians											
Musical animations directors											
Orators											
First dancers for music shows											
Solo dancers for music shows											
Corps dancers for music shows											
Supernumerary dancers for music shows											
Musical ventriloquist											
Circus artist											

- Studying and carrying out the proposals of Musical Cities in Cuba increased the potential for sustainable urban development, by using the music industry as a driving force of the local economy.

TECHNOLOGICAL IMPROVEMENT:

- Equipment validation to upgrade recording studios. The purpose of technological improvement is to increase the level of national production and reach global standards of digital music production.



- Training sessions to raise technical capacities for renewed equipment and application or software development to promote and commercialize Cuban music.
- Study missions with relevant actors of the music industry in other countries. The purpose of the study missions is to explore the potential for technical training programmes and workshops, exchange of experiences, business alliances or collaboration programmes as well as discovering universal mechanisms used to manage and promote music festivals and events.
- Collecting and reviewing information about music archives in obsolete format. It is estimated that approximately 30% of them have been recovered so far.



RESTORATION MACHINE OF MUSIC ARCHIVES AT ABDALA PRODUCTIONS S.A

INFORMATION AND PRESERVATION CENTER OF MUSIC FILES IN AREITO STUDIOS, EGREM

COMMERCIALIZATION:

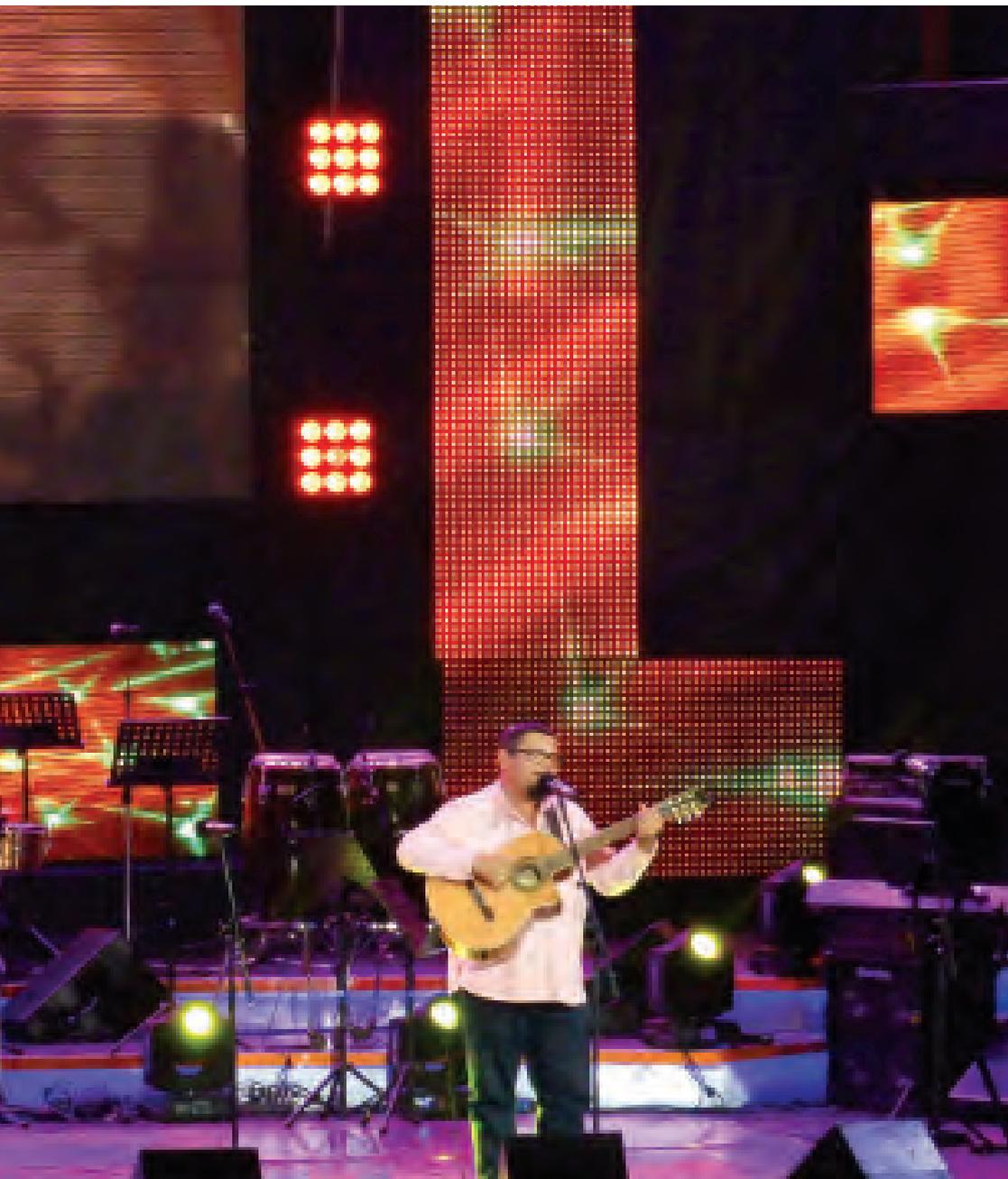
- Design and implementation of a trademark and distribution strategy of the Cuban music: «Cuba, the Music Island».
- Design, analysis, and proposal for the development of a digital platform for Cuban music. Designed for the promotion and digital commercialization of the wide catalog of the Cuban music through retail commerce and streaming services.
- Support to national music festivals such as Cubadisco and Primera Linea and participation of Cuban musicians and specialists at international events.²⁴

²⁴ In 2017 these national festivals were backed with production of premieres, prize for winners in each category, distribution of digital music, logistics, conferences, presentations, design and implementation of a digital system for voting as well as registration at international fairs and production of promotional merchandise.



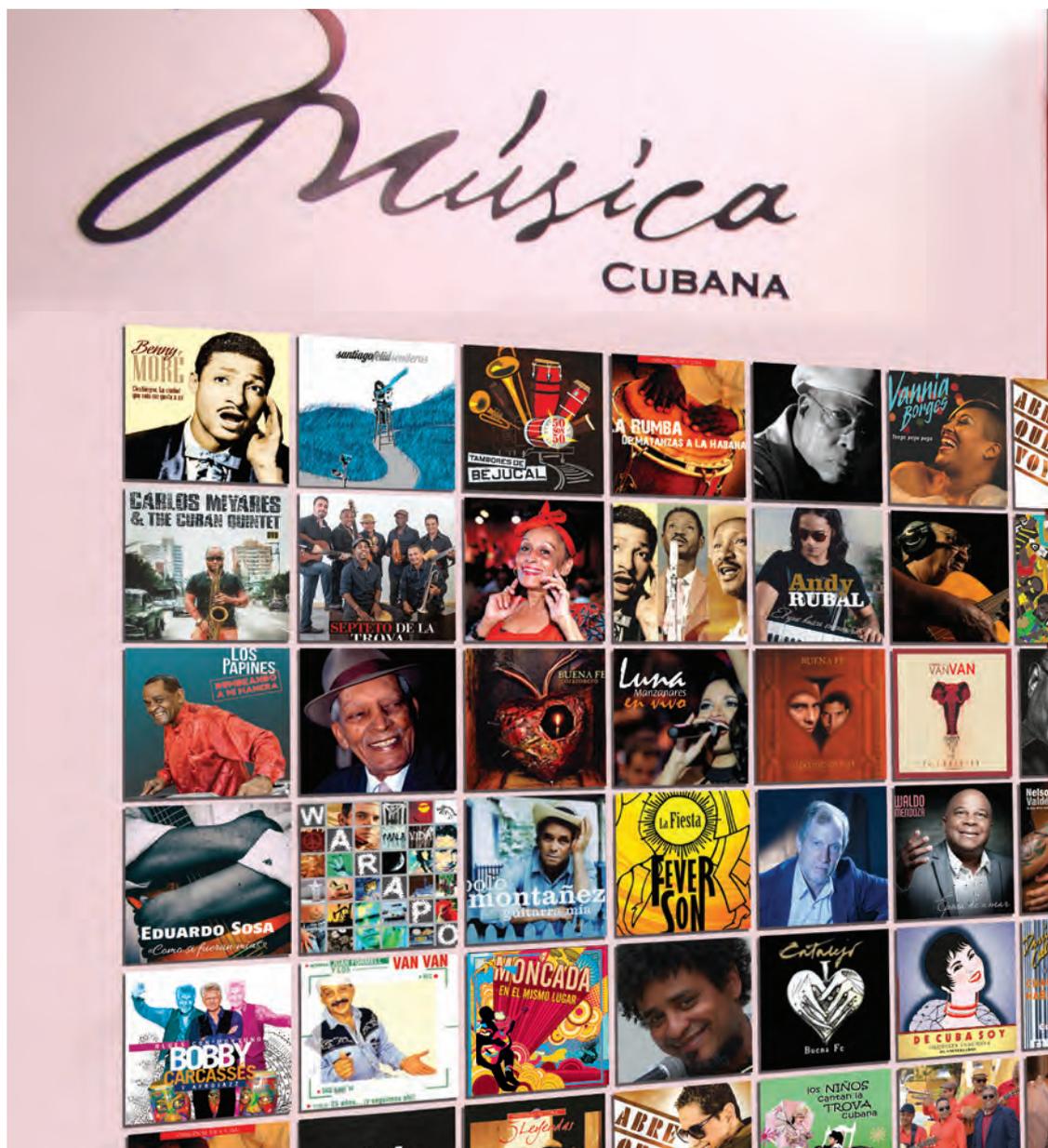


SUPPORTING CUBAN MUSIC FESTIVALS



Jorge Gómez.
MUSICIAN AND
PRESIDENT OF THE
COMMITTEE OF AWARDS
IN CUBADISCO:

«Cuba’s music industry is a great factor for development, and a project like this is entirely useful and important for artists because we will have the possibility to gain more access to markets and certain technologies. In the case of Cubadisco, it is possible to arrange automated digital voting on a website. This is undoubtedly a significant change».



From a holistic view, the combined actions and their results have mainly strengthened the alliances and synergies among actors of the Cuban music industry's value chain.

- Supporting music stores. Arranged to improve their management, employee training and technological support.

From a holistic point of view, the combined actions and their results have mainly strengthened the alliances and synergies among actors of the Cuban music industry's value chain. Updated information, along with the promotion and marketing of goods and services offered by the Cuban cultural institutions have been other positive effects.

Within the international cooperation framework, cultural and creative industries in Cuba benefit from the music industry and the added value it offers to composers, artists, and audiences. The music industry does not only generate income, but it also has a positive impact on the whole society. Its added value generated could be increased even further with new mechanisms for production and distribution.



Backed by the Korea International Cooperation Agency (KOICA), the project has a fund of 1.3 million USD, and the project is planned to be completed by December 2018. With this initiative, UNIDO and MINCULT boost the music industry not only for economic development but also for the enriched cultural lives of the Cuban people.²⁵



CUBAN EXPERTS, MANAGERS AND MUSICIANS ACTIVELY PARTICIPATE IN TRAINING WORKSHOPS ORGANIZED BY THE PROJECT.

²⁵ «The creative ecosystem: Facilitating the development of creative industries» (2015) in: *UNIDO Research, Statistics and Industrial Policy Branch Working Paper*, available in <http://www.unido.org/statistics/statisticals-working-papers.html>.





CURRENT CONTEXT OF THE MUSIC INDUSTRY IN CUBA



To understand the current status quo of the Cuban music industry and carry out a first diagnosis for the formulation of a development strategy, the accumulated knowledge and technical expertise in the country were analyzed. The areas assessed include the untapped potential of the music sector in Cuba; the professionalism of the technical force, promoted by both formal and non-formal education; the existing technologic resources, the access to finance for organization and music management; the current material resources; the scientific development in the country and the existing legal framework related to all processes of the music industry value chain.

The information obtained was further supplemented by reviewing literature sources, annual reports, financial statements, commercial analysis and trade balance of the system of music institutions and enterprises. Furthermore, Cuban experts were interviewed and consulted.

It was likewise taken into account the results of the several debates, interviews, and trainings delivered within the framework of the project in association with Sound Diplomacy, an international consultancy firm that contributed to the design of the strategy, by sharing tools and best practices, as well as providing expert advice and recommendations.²⁶



All the very element that make up the music industry value chain are present in Cuba.

Potential of the music industry in Cuba

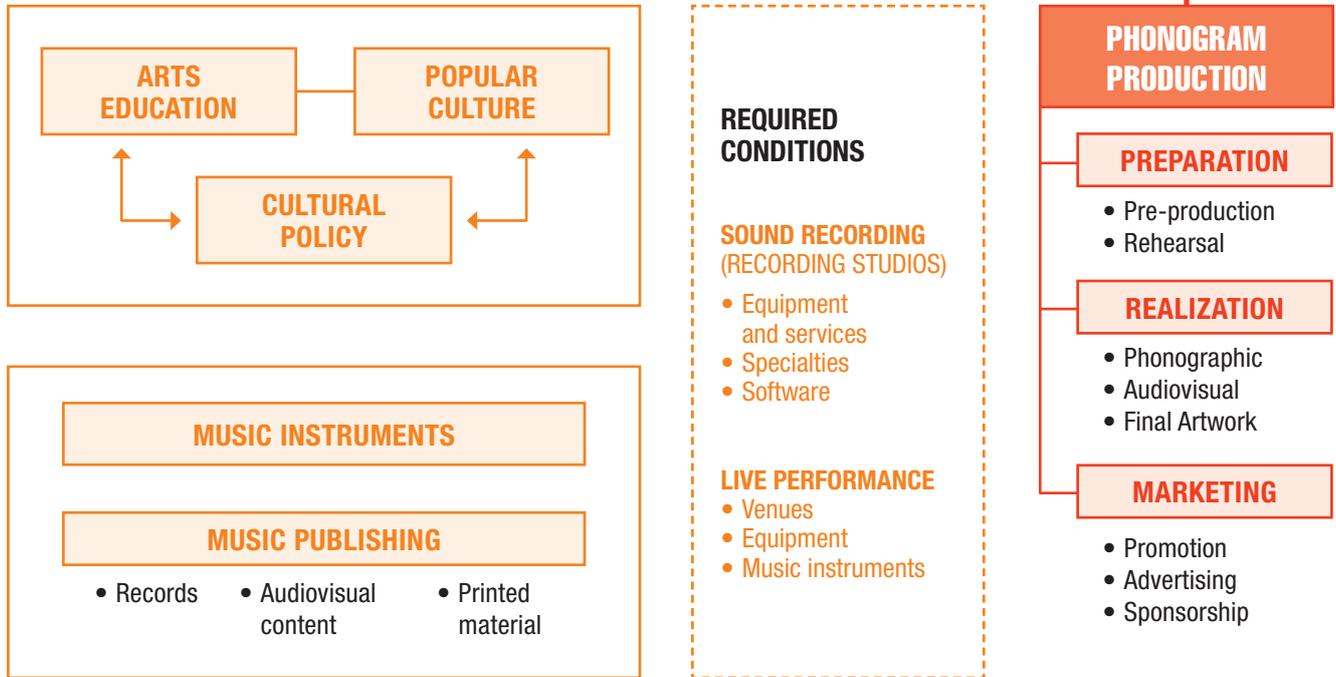
All the products, processes and activities that make up the music industry value chain are present in Cuba. These typify and define the music industry and its latest trends, including, just like in any constantly changing process, the need to strengthen the balance between the social role that culture in general and in particular music play in the Cuban society and the pursuit of profit. This poses a challenge to economic and cultural policies to attain convergence of targets of both sectors and the society. Hence the importance of tackling this industry with a comprehensive value chain approach (See Figure 6).

²⁶ Sound Diplomacy is the leader of the Music Cities movement and consults on market development. It works with local and regional governments on the development of their music policies and supports the link between local governments and enterprises within the music industry. Under the present project, the firm provides assistance in the development of training workshops, strategy design, among other agreed actions (www.sounddiplomacy.com).



CREATION

PRODUCTION



← INTELLECTUAL PROPERTY RIGHTS MANAGEMENT →

ACTORS

Artists, Music School, Rehearsal Studios (cinemas, municipal theaters, cultural centres, private studios, housing, Young Creator House (Casa del Joven Creador), Trova houses), Record Labels, Music Companies, Artist Management Agencies, Music Publisher, ACDAM, CENDA, Music Museum.

ACTORS

Artists, Record Labels, Music Producers, Phonographic Licensing, Recording Studios, Sound Engineers, Music Managers, General Producer, Audiovisual Producer, Music Publisher, Collection Societies, Accs, Designer, CREAT, Video Producer, Cubarte, RTV Comercial, Citmatel, Mundo Latino, Cd Factories.

FIGURE 6. MAP OF THE VALUE CHAIN OF THE CUBAN MUSIC INDUSTRY

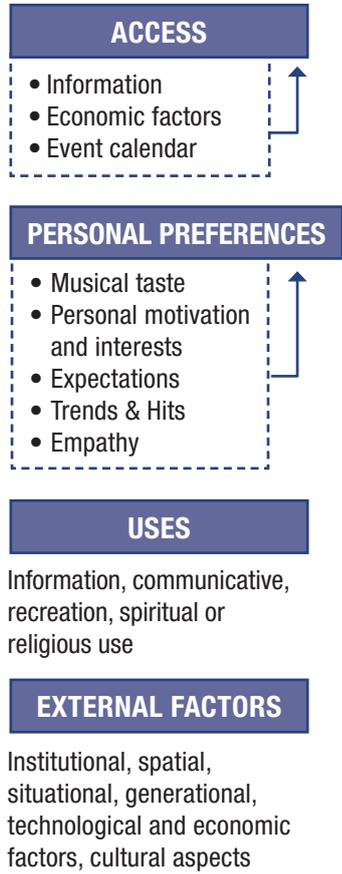
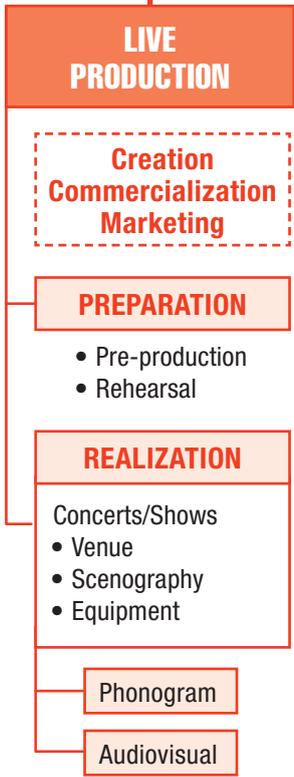
Source: Drawn up by:

Johannes Abreu: *¿Músico o empresario? Perspectivas sobre la industria y los negocios en el sector de la música*, Ediciones CIDMUC, 2013.

Cecilia Linares, Yisel Rivero, Pedro E. Moras: *En torno a la participación: el consumo cultural cubano*, La Habana, Centro de Investigación y Desarrollo de la Cultura Cubana "Juan Marinello", 2004.



DISTRIBUTION



ACTORS

Artists, Record Labels, Artist Managers, Music Companies, Booking Agents, ICM, Concert Promoters, ICRT, MINTUR, Music Houses, Theaters, Cultural Centers of Artex and EGREM, Domestic Trade Center Network, Festivals and Events, Event Producer, National Agency for Concert Tours, RTV Comercial, Tour Manager, Sound Engineer, Audiovisual Producer, Artistic Management, Audiovisual Producer, Collection Societies, Video Producer, Cubarte, Sound Technician, National Transport Network, Technical Material Suppliers, PMM, Private Sector

ACTORS

Artists, Music Publisher, Collection Societies, Marketing and Promotion, Communication Media, CREART, Record Labels, Music Companies, ICM, Video Producers, ICRT, RTV Comercial, Citmatel, Mundo Latino, ACCS, Designers, Cubarte, Cinesoft, Soy Cubano (Artex), Cuba Music, Sony Music, Planet Record, Plaza Mayor, Kdigital, Believe, The Orchard, Altafonte, Local and International Distributors, Joven Club Computación, Exelencias, Institutional Network of Stores, Private Sector, Fairs, Platforms and Digital Stores

ACTORS

Marketing and Promotion, Artists, Artist Management Agencies, Record Labels, Communication Media, CREART, Music Companies, ICM (Vicepresidency), ICRT, RTV Comercial, Independent Producers, Accs, Designers, CUBARTE, Cinesoft, Citmatel, Music Publisher, Collection Societies, Theaters, Cultural Centers

ACTORS

National and international population (audience), amateur of professional artists, students, researchers, teachers and professors, entities and businesses that use music, other forms of societal and cultural participation

The Cuban institutional system supports the education of more than 16,000 musicians throughout the whole island through different ways. Music is one of the core activities of almost all the 2,232 cultural institutions, working in the country, as relevant part of the cultural process. The 3,019 professional music and dance groups with their 18,388 participants also have a strong presence in the music life of the country. There is a total of 29 institutions, companies and agencies of artistic management.

The catalogue of each of these companies is a heterogeneous composition from the point of view of musical genres, their format, forms of expression and organization. These catalogues include concert, popular, traditional and folk music groups and music shows. Among them, 5 provincial symphonic orchestras and the National Symphonic Orchestra, 28 Chorus, 60 groups playing camera music and 123 concert bands stand out.

The music system in the country counts on 596 subsidized projects (9,070 artists), which are financially backed and supported by the ICM and its system of institutions, given their importance and impact on the identity of Cuban culture as well as the best of popular, traditional and folk music.

An important business sector has been developed as part of the system of institutions of Culture which comprises all art forms. Business management is currently carried out by a substantial network where some national entities like EGREM, ARTEX, ABDALA and COLIBRI, and other local and national companies and management agencies stand out. All of them work together to boost job creation and cultural resource generation, fostering this way the national economic development. As such, relationships established with tourism institutions at ministerial, institutional and territorial levels, have proven the reciprocal need of exchange to reach their objectives.

There are also online stores and associations with digital platforms to promote the Cuban music.

Record Labels	4
Music Publishers	5
Recording studios	5
School of Art (elementary, middle and high education) (Figure 7)	33
Factory of musical instruments	4
Live music venues (Figure 8)	303
Stores for commercialization of physical products	286
Collection societies	1

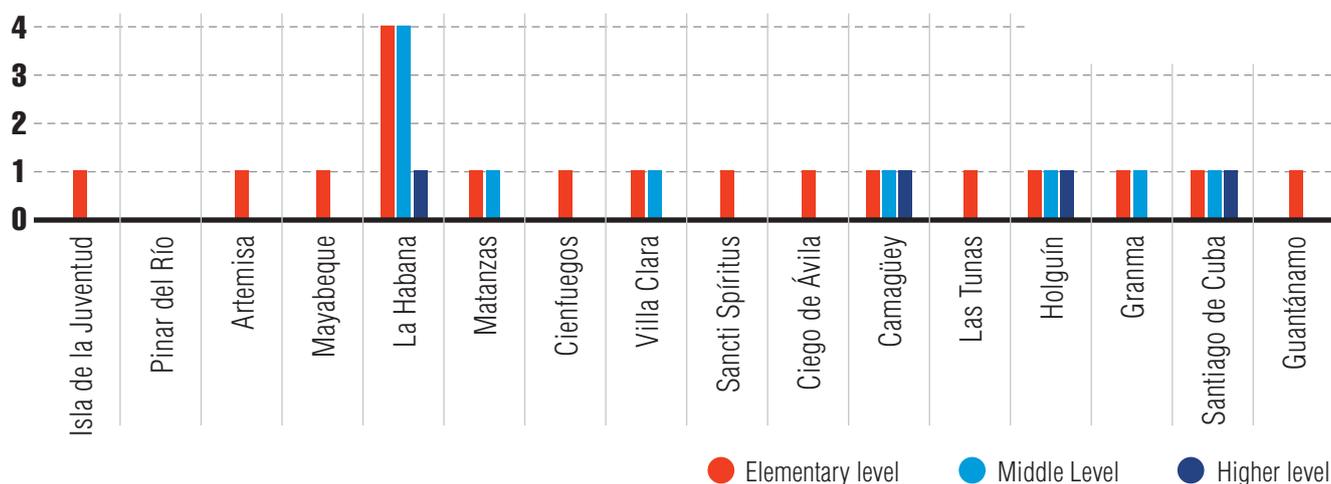


FIGURE 7. MUSIC SCHOOLS PER PROVINCES.

Source: Information and Analysis System (CIDMUC, 2017)

Capacity in live music venues

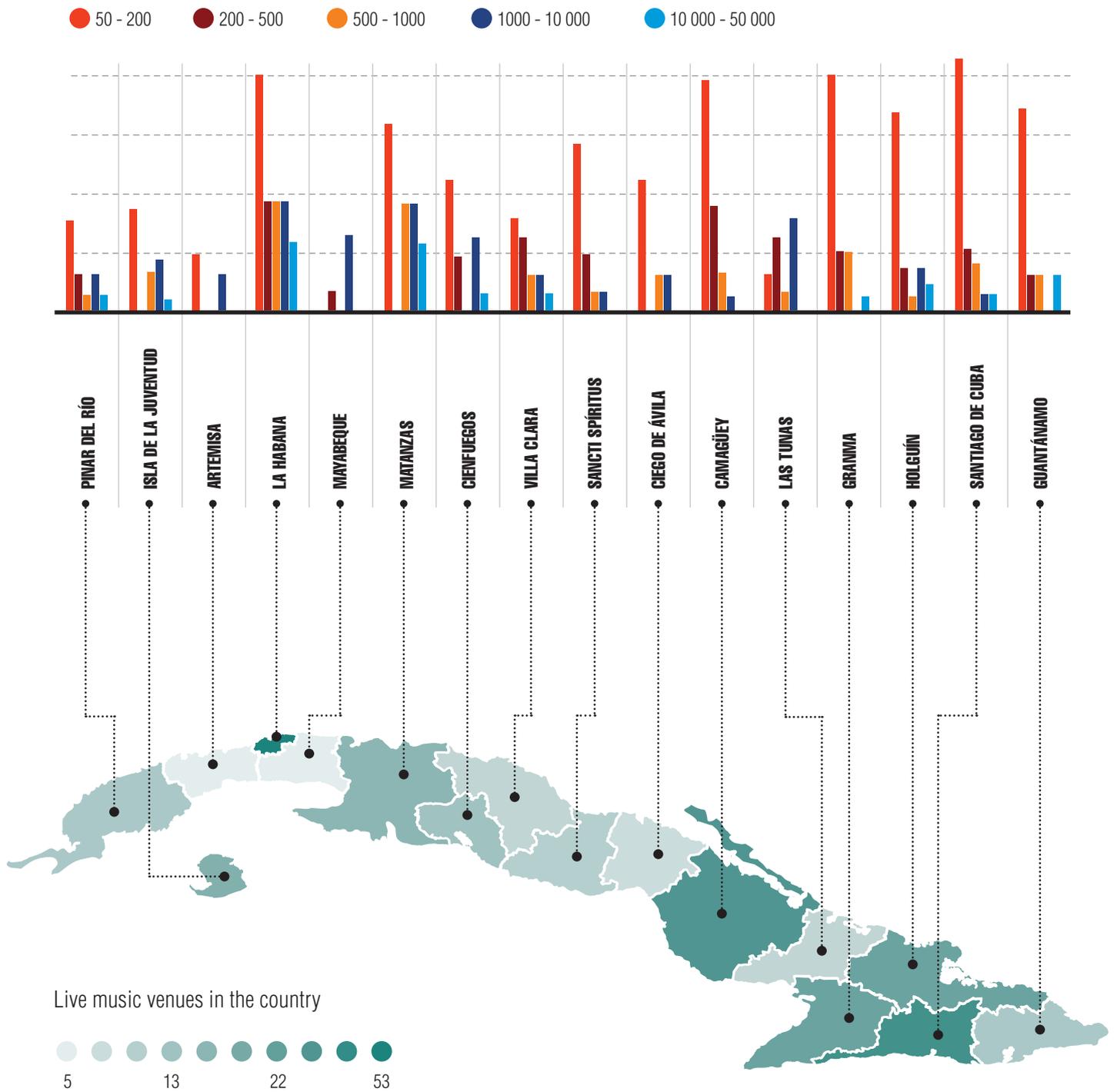


FIGURE 8. NUMBER AND CAPACITY OF LIVE MUSIC VENUES

Source: Information and Analysis System (CIDMUC, 2017)

Main challenges

The current institutional system has demonstrated its capacity to boost the development of the Cuban music. Nonetheless, it faces today a restructuring process to pay attention to the growing diversity in the types of economy and organizational performance as well as other challenges that will be covered in this document.

The need to reorganize, renew and strengthen music as an industry, establishing the necessary resources, alliances and synergies among all actors of the value chain must be met for the sector development. This business vision takes into account the artistic value of Cuban music that makes it one of the «symbols of the Cuban nation» and one of its major strengths. Updating its functions as regulatory center will ensure conversion of music into a strategic sector and guarantee the state leadership of key economic activities.

Price volatility and global economic recession constitute a strong limitation for the development of the Cuban music industry. This has forced the country to decrease the investment in this industry to concentrate the available financial resources in those sectors with the greatest economic impact. Even though creative economy in Cuba has shown a growth stronger than the global performance of the country, the music sector demands high levels of disbursement at high risk. Moreover, the financial investment needed increases with increasing internationalization level.

The weak linkages and synergies developed in the sector in its international expansion process have a negative impact on the competitiveness of the Cuban more comprehensive services and production lines. Insufficient communication and sectoral coordination are noted within the music sector as well as in its relationship with other sectors of the value chain such as tourism, and communications, among others. Given the complexity of the value chain, from the creative process to the production, communication, distribution and consumption, there exists an imbalance generated by the heterogeneity of productive conditions.

The legal system does not correspond to the context. The system that regulates the functional and economic relationship among the different actors of the music value chain is still incomplete, and it needs to address the linkages within the cultural institutional system as well as with other national organizations and the new forms of property in the sector. It is also necessary to review the legal standards on Intellectual Property Rights, including the Copyright Law.

The economic blockade imposed by the United States of America (USA) constitutes one of the main threats for the Cuban music to take advantage of the global market, limiting the export possibilities, the introduction of new technologies and the collection of copyrights. For example, Cuban artists performing in that country cannot sign a commercial contract; Cuban enterprises' operations become more expensive since they cannot use US dollars in international financial transactions; business costs go up for those who have not access to the US market for purchasing raw materials, technologies, accessories and musical instruments. Cuba has lost important distributors in other countries due to the absorption of these enterprises by US capital.

Globalization of the music industry has provoked at world scale advocacy for the concept of the music market basically due to the income it generates. However, in Cuba, commercialization is carried out without betraying its es-

The economic blockade imposed by the United States of America (USA) constitutes one of the main threatens for the Cuban music to take advantage of the global market, limiting the export possibilities, the introduction of new technologies and the collection of copyrights.

sence and artistic hierarchies. Cuban institutions advocate for authentic talent to avoid distortion of the national culture.

Cuban music companies do not count on large distributors or investor abroad, which limits the access to suitable international markets to a great extent. This reality, however, does not hinder Cuban artists as well as from elsewhere to recognize the many success factors of the Island's music sector.

Even when punctual and successful actions have been developed for Cuban music to break into the international scene, changes in these markets demand a constant updating of commercialization strategies to generate revenue. Data of project of UNCTAD/WIPO, 2000, suggest that 120, 801 Cuban music compact discs have been exported, while 205, 885 have been sold within the country. This is an important benchmark of Cuban product's quality even when figures represent just a portion of the whole music.

The insufficient technologic capacity for live performances, phonogram, and audiovisual production (both physical and digital) represent a major challenge for the Cuban music industry. For example, the country has a total of 303 live music venues distributed along the Island with a capacity ranging from 50 up to 50,000 people; but not all of them have the appropriate audio and lighting technical conditions to cover the demand and quality of the music shows (See Figure 9).

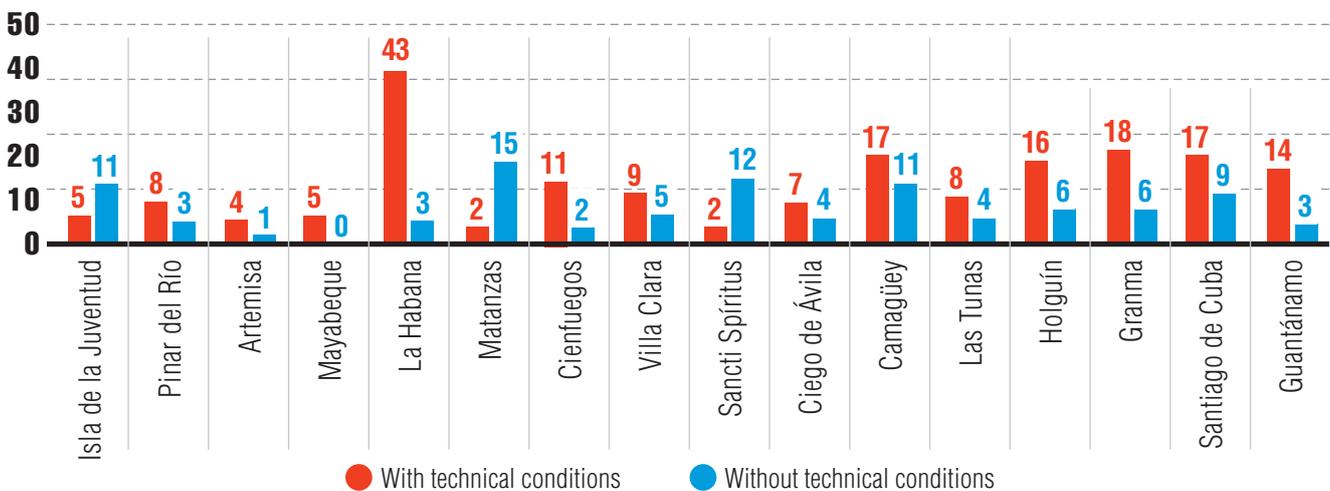


FIGURE 9. TECHNICAL CONDITIONS (AUDIO AND LIGHTING) OF LIVE MUSIC VENUES PER PROVINCE.

Source: Information and Analysis Systems (CIDMUC, 2017)

Quantification of this information provides a powerful tool that facilitates the analysis of the territory from a comprehensive approach and thus the assessment of the investment necessary to support the sector when drawing up the local development plans.

In Cuba, the digital distribution of music is not yet the major business line as it happens in most countries across the world. Its exploitation in Cuba is strongly threatened by the inadequacy of technologic infrastructure in the domestic market –internet bandwidth and electronic bank services– and the lack of an own integrated platform of the “Cuban Music Industry” for digital music downloading/streaming in the foreign and domestic markets generating intermediaries and other dependencies.

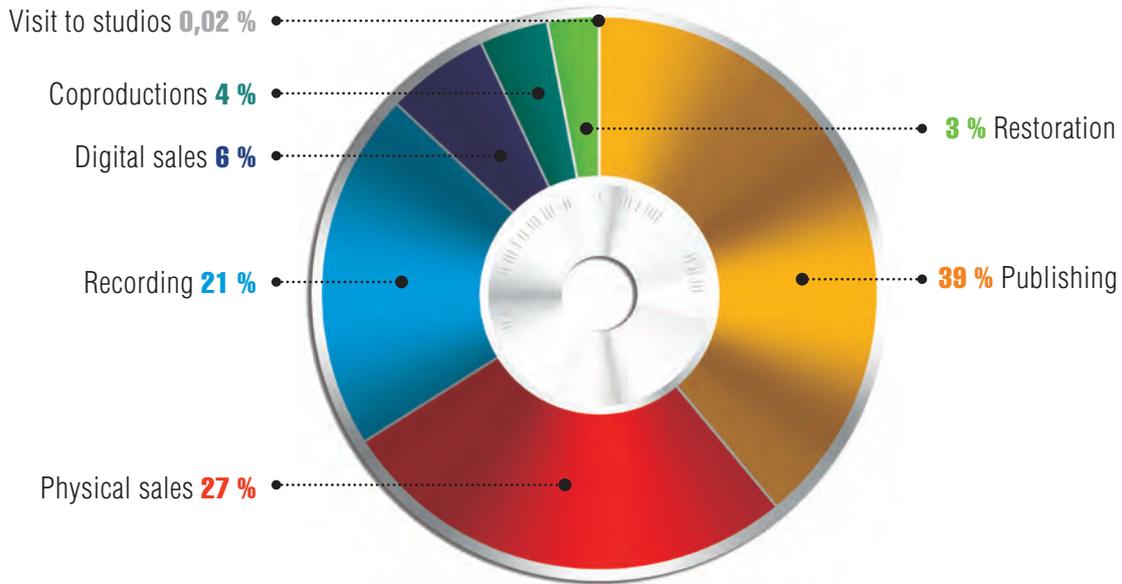


FIGURE 10. BUSINESS LINES OF INSTITUTIONAL RECORD LABELS

Source: Trade balances of Institutional Record Labels, 2016.

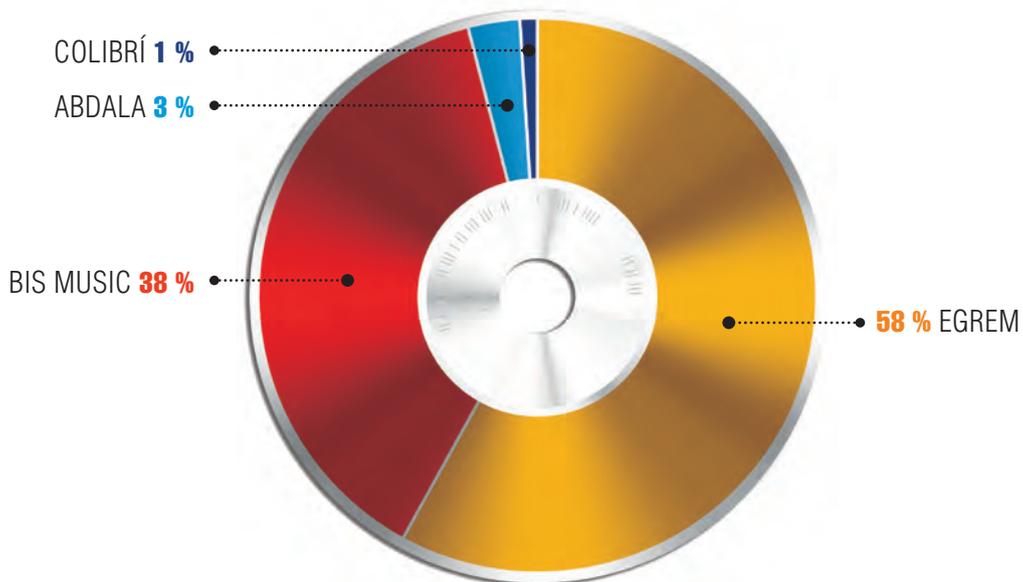


FIGURE 11. SHARE OF DIGITAL SALES BY INSTITUTIONAL RECORD LABELS

Source: Trade balances of Institutional Record Labels, 2016.

Access to international media is necessary to put into practice promotion and marketing strategies which may lead to greater competitiveness of all management entities in the country. In Cuba, due to several reasons, the access to potential music target markets is rather limited. Music business is based on its economic attractiveness and it combines production and communication strategies to catch the attention of consumers.

On the other hand, the recovery of existent old archives in analogic format is a priority to avoid further deterioration due to the current conditions of storage. For example, there are approximately 36,000 tapes to be digitalized, as part of the patrimony of institutions such as CIDMUC, EGREM, Abdala, Museo de la Música, Radio Stations (CMBF and Radio Habana Cuba) and Casa de las Américas. In CD/DVD format, about 3,500 units are preserved and stored by EGREM, Colibrí and Museo de la Música.

ICM conducts the program for *Rescuing, and broadcasting the Cuban music heritage*; however, actions carried out have not yet address the archives of the national record labels. Digitalization of different old formats are made according to the criterion of the digitizer, making it necessary to standardize technical regulations and the procedure to be followed for this end and its later preservation. This will contribute, on one side, to safeguard, promote and commercialize this valuable Cuban musical heritage, and at the same time, represents a source of income for the country. By enabling the online access to these records, the country recognizes the important contribution of the artist to the Cuban music.





PROPOSAL OF A NATIONAL STRATEGY FOR THE MUSIC INDUSTRY



Septeto

HABANERO

PRESENTA

90
AÑOS

Orgullo de los números



Cuban music generates products that are highly appreciated by artists and audiences in Cuba and abroad, but the added value of this product could be increased even more by adopting new production and distribution systems. The way forward requires commitment to excellence, quality and diversity of Cuban music and it necessarily implies overcoming the existing challenges and weaknesses that the industry faces in its development efforts. In this sense, music can strongly benefit from the industrial value chain approach.

The project “Strengthening the competitiveness, organizational performance and export capacity of the Cuban music industry” is one of those national efforts that, with the assistance of international cooperation, aims to support the development of the Cuban music industry and to implement policies and initiatives to overcome the current barriers.

This development strategy proposal for the Cuban music industry focuses on all the stages of the value chain from creation to consumption. Particular attention will be paid to the education link-including all ways of formal and informal education such as popular culture and oral tradition due to its high added value and the many successful past experiences of the country in this field.

The Cuban actors have taken ownership of the proposed strategy for the development of the music industry, and thus the national institutions and management agencies are main responsible for its implementation and systematic evaluation. It was designed by the key stakeholders and decision makers of the relevant institutions, building on the expected outputs and outcomes of the abovementioned project.

This collaboration experience provides a platform for dialogue, integration and exchange between actors of the sector, who work together towards the higher purpose the Cuban music industry contributes to.

This strategy is the first major result achieved within the framework of the project, which served as the driving force behind the establishment of a permanent working group that addresses the demands from the Ministry of Culture of Cuba in its reorganization and restructuring process.



Main features of the proposal

PREMISES

- **Condition for development:** potential for greater synergies among the actors of the production chain of the music sector, considering the links of the state and non-state sector that have an impact on the development of the Cuban music including the industry which supports it.

Contribution to improvement of the working and legal framework that ensure participation of all state and non-state stakeholders in the implementation of development strategies and cultural policies for music.

PHASES

- **It will consist of three stages or phases:** the first will cover the current budgetary objectives in both the state and the non-state sector. The second phase will address further institutional objectives and the third stage will include those entities that make use of music but do not belong to the cultural sector.

The actions and initiatives, derived from the application of principles, general and specific objectives of the strategy, will be adjusted and implemented at three levels: the state institutions, the state owned enterprises and the non-state business.

Harmonizing the scope at these different levels poses a significant challenge since each of them has its specific competences, particular methods and stakeholders and thus the coordination will be subject to constant tensions. Each of these areas has its own performance indicators and their individual development is key for the success of the Cuban music as a whole and, particularly, of the music industry.

The strategy will be the roadmap to be followed by the state actors and will serve as a guide for the non-state actors within the value chain. Integration of both forms of property will be subject to systematic negotiation based on cost-benefit analysis, in the interest of the national culture.

CORE VALUES

- **Music creator and creation:** Protection to music creators and their work by highlighting the cultural value of Cuban music and considering the economic value of tangible and intangible music heritage as part of the nation's wealth.
- **Cultural and musical policy of Cuba:** Among its main goals are to facilitate the ways and means so that Cuban creation has greater presence in the most outstanding stages, conveying messages and symbols of Cuban identity. In the same way, the Cuban State has shown such political will when orienting its actions toward positioning music in major international markets as a means to sustain creation and promotion of the country's cultural values.
- **Institutional system of culture in the music sector:** It has a presence in all stages of the value chain. It supports the integration of all actors and promotes the music sector development and better performance.

By updating its functions as regulation center, it strengthens the role of music as a strategic sector and ensures state leadership of key economic activities.²⁷

- **Existence of an inclusive productive strategy:** Government institutions promote a development strategy which includes modalities and products such as live performances, phonogram and copyright management, audiovisual (both physical and digital).
- **The State's relationship with the artist:** Permanent dialogue for the defense of the rights of music creators and support to their performance.
- **Educational system:** It is organized so as to cover all education since early ages up to higher levels and offers equal access for any person with artistic competences. Educational methods incorporate more traditional contents and are constantly renewed in order to train artists according to international quality standards.
- **National and international recognition of the Cuban culture and its musical expressions:** Cuban music is well-known by its quality, which enables it to break into new foreign markets, mainly due to the attractive stock of genres, trends and performers of the country. Cuban musicians are characterized by their authenticity and creative diversity that goes beyond the excellent training guaranteed by the country at schools with high recognized professionals.
- **Growing interest of foreign distributors in Cuban music:** There is an increasing number of proposals to support Cuban artists to go international with their music. This is an opportunity to enhance the work of the Cuban music companies in territories with different cultural codes, leveraging the artistic resources of the industry. All this facilitates the access to markets, distribution and communication channels and presents an opportunity for networking and signing of trade agreements.
- **Management capacity and entrepreneurship of artist:** This is one of the main strengths of the sector in Cuba. Setting up frameworks that motivate good performance of these entrepreneur musicians is of great importance for business, and it enables them to take full advantage of the market opportunities and to increase and consolidate their presence in the international scene.
- **Development of Tourism:** There is a growing number of leisure spaces and facilities where both tourists and national audience can enjoy live music performances of Cuban artists.
- **Current transformations of governmental structure:** Proposals for national change and functional decentralization present new scenarios for the sector's development and claim for a closer look to functional and legal frameworks of the music industry value chain, since they are fundamental processes that impact directly on the music creator.

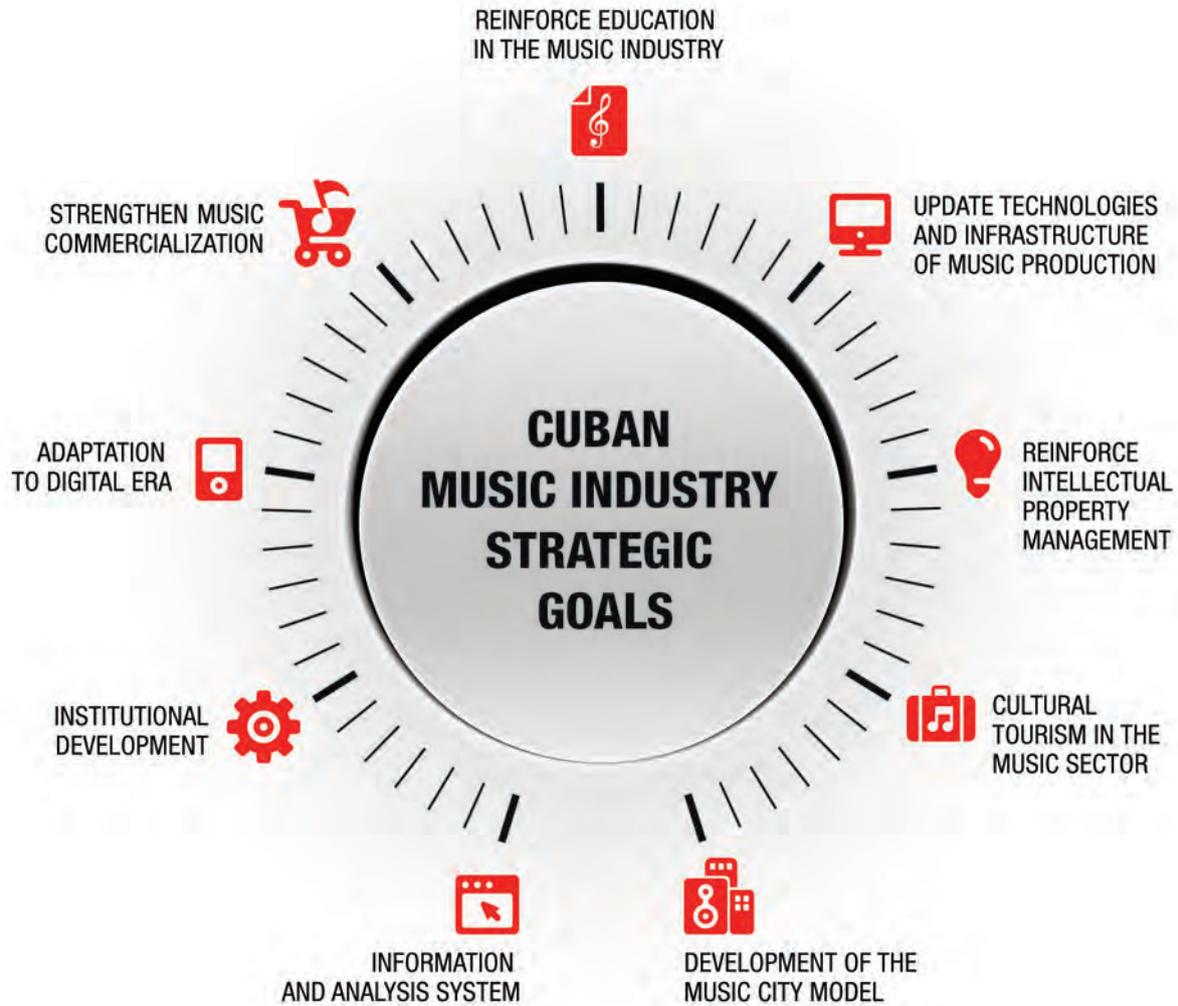
²⁷ Johannes Abreu: *¿Músico o empresario? Perspectivas sobre la industria y los negocios en el sector de la música*, Ediciones CIDMUC, 2013, p.193

GENERAL OBJECTIVES

- **Strengthening the industry's competitiveness**, promoting a better organizational performance of actors and increasing the export value of the Cuban music industry.
- **Boosting integration and synergies in all stages of the industry value chain**, improving the production technologies, promoting partnerships and strategic alliances in the state and non-state sector as well as developing innovative international marketing and distribution strategies.



Proposed strategic actions for the development of Cuban music industry



STRENGTHENING THE COMPETITIVENESS, ORGANIZATIONAL PERFORMANCE, AND EXPORT CAPACITY OF THE CUBAN MUSIC INDUSTRY



I. Design and implementation of an Information and Analysis System

An Information and Statistical Analysis System is being designed to include detailed data of actors in all the links of the music value chain at provincial and national levels. This will enable to make diagnosis and prospective analysis for designing proposals of actions and decision making in the sector at all scales and in a systematic way.

SPECIFIC OBJECTIVE

I.I

Design a digital tool for collecting information contained in the System.

ACTIONS

1. Establishing an array of indicators to create an information repository compatible with official (ONEI) and complementary (MINCULT) statistics and including new specific demands of the music industry.

I.II

Mapping the current status of the music industry in the national territory mainly focusing on Havana and Santiago de Cuba.

1. Making diagnosis and forecasts of the performance of the different actors of the music value chain from production to consumption, including latest trends and developments.



II. Institutional development

SPECIFIC OBJECTIVE

II.I

Contribute to the improvement of the institutional system of ICM and MINCULT to enhance political and cultural processes of the music, recognize and ensure the economic activity of the business sector, guarantee its efficiency, efficacy and sustainability as well as fulfil their state responsibility.

ACTIONS

1. Promoting the development of the production chain from music creation to consumption in a harmonic and comprehensive way establishing the necessary synergies among all actors.
2. Highlighting the economic contribution of music to the economic development of territories and the country as a whole, to endorse its inclusion as one of the country's strategic development sectors.
3. Contributing to update the legal system for music through proposals based on the interest and needs of the sector.



2. Designing and programming of the software that will support recording, processing and updating of statistical data.
3. Establishing regulations and necessary procedures that ensure sustainability and authentication of information provided to the System.
4. Compiling and assessing the information required by using different collection methods.
5. Conceiving systematic training for the design and update of the tool.
6. Establishing the necessary conditions for the use and consultation of the Information System.

2. Designing the strategy and extension phases in the whole national territory for the search and confirmation of contents in situ that the Information System requires.
3. Reflecting in maps, graphs and other representations the results of processed data.
4. Setting the basis for the development of a National Observatory of Cuban Music based on the Information and Analysis System established that provides the studies required on trends of music creation and production processes.



4. Establishing an Investment Fund that allots resources for fulfilling the priorities established within the strategy, which will be nourished from domestic and foreign sources by promotion of actions of international collaboration under the rules and procedures in force in the country.
5. Promoting the setting up of a National Business Group that ensures a proper functioning of activities of distribution, representation and logistics within the framework of national and international commercialization of the Cuban music.
6. Developing and strengthening of the music publishing sector and of synchronization.
7. Promoting the creation and use of specialized music critic and social academic, cultural and economic research in the decisions-making process within the sector.
8. Prioritizing studies of consumption and cultural participation.
9. Updating strategies of promotion, communication, commercialization and distribution according to destination, musical genres and target audience.



III. Adaptation to the digital era

SPECIFIC OBJECTIVE

III.I

Optimize and enhance access to information and communications technologies.

ACTIONS

1. Enhancing the access of artists and professionals of the Cuban music sector to ITs and communications in line with the national Policy of Information and the available infrastructure in the country.

III.II

Designing and implementing a Cuban digital platform for national and international commercialization on line –by listening direct system (streaming) and downloading– of Cuban music and all the related contents, products and services.

1. Improving technologic and connection capacities to increase the streaming online services in correspondence with the capacity in the country.
2. Developing a specialized online store for retail commercialization of the Cuban music in digital version and streaming, for international markets.
3. Establishing a repository to store music catalogues of all Record Labels previously standardized in homogenous formats for their promotion and marketing.

III.III

Contribute to gradual digitalization of musical heritage safeguarded by the Cuban institutions.

1. Updating file stock of Cuban musical heritage.
2. Promoting actions for preservation and restoration of files in their different formats.



IV. Strengthen commercialization of the music

SPECIFIC OBJECTIVE

IV.I

Contribute to the development and strengthening of domestic commerce of Cuban music.

ACTIONS

1. Developing new products from artistic catalogues and cultural productions of Record Labels that increase the share of Cuban music in the domestic market and cultural tourism.



2. Encouraging active participation of artists, intellectuals and students of artistic education in the promotion of the best of Cuban music and culture in social networks.
3. Increasing promotion on the Web through portals, sites, blogs, social networks and professionals and other Internet services.
4. Including, as part of the online sales and streaming, economic offers by means of Cuban online payment or by mobile gadgets for promotion of genres prioritized by ICM and improve their popularity, particularly among the youth.
5. Generating promotional spaces for artists, their work and artistic performances.
6. Allowing access to updated statistics of the performance indicators of the platform as an instrument for decision making.
7. Preparing the legal framework of such platform regarding institutional responsibility, artists' managers, management of contents, marketing and distribution, that ensures its functioning, developed and managed from Cuba.
3. Improving technologies for recovery, digitalization and storage of music archive for its commercialization and management by Cuban institutions and publishers.
4. Designing trainings for music recovery and digitalization.



2. Promoting the spaces for phonographic production (physical and digital) and live performances, initially in Havana and Santiago de Cuba, and progressively in those provinces showing significant disproportions in their availability.
3. Continuing strengthening concerts, tours and live performances of Cuban artists along the Island.
4. Introducing ticketing services by electronic commerce through development of mobile, applications, Web pages, among others. To assess the use of already existing and implemented actions in the country.

SPECIFIC OBJECTIVE

IV.II

Promote the export of Cuban music from the existing institutional system.

ACTIONS

1. Establishing a promotion Program for exports of Cuban Music.
2. Promoting musical events, business forums and showcases for Cuban and foreign entrepreneurs in the national territory (Cubadisco, Primera Línea, AM-PM, among others.).
3. Structuring an information program for Cuban foreign service according to the priorities musical genres and geographic and idiomatic zones that facilitates its participation in international promotion of the Cuban music.
4. Establishing a network of representatives of the industry abroad linked to ICM and its marketing enterprises through associations in strategic markets.

IV.III

Contribute to the strengthening of trademark «Cuba, the Music Island».

1. Designing marketing campaigns to promote the trademark «Cuba, the Music Island», together with their respective visibility and communication strategies.
2. Working jointly with MINTUR in the positioning of musical instruments, by aligning its strategy to the one of the trademark.



V. Reinforcing education in the music industry

SPECIFIC OBJECTIVE

V.I

Incorporate music industry-related topics to the Cuban national education curriculum.

ACTIONS

1. Providing continued training to the industry's professionals along the country through periodical workshops or postgraduate courses in alliance with CIDMUC, CNSC and the universities.
2. Incorporating music industry-related topics to the Cuban national education curriculum such as artist management, marketing, digital tools, music technologies, communication and promotion, production of events, exports, finance, legal matters and publishing, among others.

5. Conducting market studies associated to Cuban musical products in the national as well as in the international scenarios.
6. Undertaking exploratory business missions in potential markets.
7. Designing a Guide and music exports List for Cuban companies and entities, establishing the connections to join the export portfolio of MINCEX.
8. Systematically updating the data base of foreign entrepreneurs that carry out large operations with Cuban music institutions.
9. Facilitating the presence of leader groups at international events as well as in the national and foreign media.
10. Setting up a system of online bank payment, carrying out alliances with international companies that may provide this type of services.
11. Designing a national directory of musical events from systemized information in and out of Cuba.

3. Supporting business projects that contribute to the image of Cuba as an exporter country of cultural products and services of a well-known trademark.
4. Enhancing the presence of Cuban music by means of its trademark at most important international music fairs so as to generate the necessary alliances that respond to the industry's investment portfolio.
5. Making visible the trademark «Cuba, the Music Island» in the different strategies and products generated as part of cultural and musical tourism.



3. Establishing collaboration programs with international music universities.
4. Elaborating Guides of the Industry for music professionals.
5. Promoting jobs for the youth in the music industry with scholarships and practice programs taking experience from organizations of music creators like AHS, in its direct relationship with the institutions of the sector.
6. Systematizing selection and encouragement of good practices as well as music management models that can foster the Cuban music promotion and income generation.



VI. Upgrading the technologies and infrastructure of music production

SPECIFIC OBJECTIVE

VI.I

Revert gradually the existing technologic obsolescence in recording studios and expand the access to ITs and communications technologies.

ACTIONS

1. Assessing the level of technologic upgrading and obsolescence for production, distribution and consumption of music, physical or digital, existing in the country. Identifying the national and foreign counterparts in the production process, providers of necessary inputs and clients for final goods and services.

VI.II

Strengthening the live music sector.

1. Evaluating the conditions of facilities and venues for live performance existing in the country, identifying the organizations responsible for each problem and comprehensively coordinating possible solutions.



VII. Reinforcing intellectual property management

SPECIFIC OBJECTIVE

VII.I

Strengthening publishing and copyright management.

ACTIONS

1. Incorporating new tools and technologies to publishing and copyright management system considering the prevailing legal framework.
2. Introducing monitoring services to track public reproduction in TV, radio, digital and live spaces.
3. Increasing the number of contracts with International Entities.



2. Suggesting the establishment of a specific investment program to provide the necessary technological resources to the institutions of the sector in the country.
3. Preparing a business portfolio integrated to the national economic strategy that backs the broad demand for production investment in culture.

2. Contributing to planning within the Investment Program of MINCULT and ICM, a renewal schedule for live music venues according to the required technologic levels.
3. Renewing infrastructure of rehearsal places and conditioning of currently unused centers.
4. Supporting the technological upgrading of mobile studios that allow music recording and production in live performances.



4. Increasing the number of licenses of national and foreign users who make use of music in the national territory.
5. Promoting institutionalization of copyright management throughout the whole country by means of setting up delegations of ACDAM with territorial sites.
6. Encouraging national institutions, music creators and artists to obtain registration and identification codes of Cuban music pieces as well as of musical and audiovisual products to be marketed.



VIII. Cultural tourism in the music sector

SPECIFIC OBJECTIVE

VIII.I

Consolidating strategies of cultural tourism in the music sector.

ACTIONS

1. Identifying and inventorying tourist markets, the potential or existing niches in the country to increase in them promotion and commercialization of Cuban music.
2. Supporting development of cultural tourism in particular that related to Cuban music.
3. Designing a promotion and consumption strategy of the music within the tourism market including performances in hotel facilities and in all cultural and institutional spaces close to tourist resorts.
4. Identifying and promoting jointly with the Tourist Agency Paradiso and other tour operators of MINTUR, the targeted tourist markets, whose preferences for music consumption may identify them as a specialized niche.



IX. Developing the model of music cities

SPECIFIC OBJECTIVE

IX.I

Promoting the model of music city

ACTIONS

1. Studying the model of Music Cities and identify its potential application in Cuba, particularly in Havana and in Santiago de Cuba.
2. Studying the mechanisms required for it to begin operating, its declaration and systematic functioning as well as the legal framework that endorse it.



5. Designing musical products for tourism (domestic and foreign), beyond the accessible and universally well-known popular genres including products that comprise all dimensions of the Cuban music.
6. Promoting popular festivals typical of each province as tourist and cultural products, especially for musical tourism.
7. Designing travel packages along the Atlas of folk-popular musical instruments of Cuba (CIDMUC). Combining knowledge and cultural heritage with entertainment and development of music.
8. Designing, jointly with MINTUR and advised by ACDAM, proposals for the use of music in these packages, seeking maximum benefit for music creators.
9. Making printed and online material with information for music tourism in Cuba in different languages.
10. Ensuring the presence of the music industry at Tourism International Fairs in Cuba and abroad.



3. Joining the international network of music cities.
4. Promoting twinning with other music cities. These connections encourage tourism, facilitate export strategies of music and provide cities with world acknowledgement as music cities.
5. Studying a trademark image for each Cuban music city –based on its heritage and musical scene–, in association with the work deployed by the Cuban tourism industry to develop joint positioning strategies with a comprehensive view as a country.



Index of abbreviations

Abdala: Abdala productions S.A.

ACCS: Cuban Association of Social Communicators

ACDAM: Cuban Agency of Music Copyright

AHS: Hermanos Saíz Association

ARTEX: Cuban Art Products and Services S.A.

Bis Music: Bis Music Record Label and Editorial of ARTEX

CAGR: Composite Annual Growth Rate

CCI: Cultural and Creative Industries

CENDA: National Center for Copyright of Cuba

CIDMUC: Research and Development Center of Cuban Music

CINESOFT: Cuban Enterprise for Informatics and Audiovisual Media for Education

CITMATEL: Enterprise of Informatic Technologis and Advanced Telematic Services

CNSC: Culture National Training Center

Colibrí: Colibrí Record Label and Musical Editorial

CREART: Center of Cultural Development and Communication

CUBARTE: Information Center of Cuban Culture

EGREM: Recording Enterprise and Music Editions

GDP: Gross Domestic Product

ICIC: Cuban Cultural Research Institute «Juan Marinello»

ICM: Cuban Institute of Music

ICRT: Cuban Institute for Radio and Television

IFPI: International Federation of Phonographic Industry

ISAN: International Standard Audiovisual Number

ISMN: International Standard Music Number

ISRC: International Standard Recording Code

KOICA: Korea International Cooperation Agency

MINCEX: Foreign Trade Ministry of Cuba

MINCULT: Ministry of Culture of Cuba

MINTUR: Ministry of Tourism of Cuba

ONEI: National Office of Statistics and Information

PCC: Communist Party of Cuba

RTV Comercial: Enterprise for Radio and TV products and services commercialization

SDG: Sustainable Development Goals

UNCTAD: United Nations Conference on Trade and Development

UNDAF: United Nations Development Assistance Framework

UNIDO: United Nations Industrial Development Organization

WIPO: World Intellectual Property Organization



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MINISTERIO
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Korea International
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