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**CREATIVE ECONOMY AND
DEVELOPMENT OF THE
AZERBAIJAN ECONOMY**

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This booklet has been prepared on the basis of the presentation “Creative economy and development of the Azerbaijan economy” made by Kamran Imanov, the chairman of board of the Copyright Agency of the Republic of Azerbaijan, in the national workshop on “Making a living in the Creative Industries: Creativity and National Development”, being organised by the joint cooperation of the Copyright Agency of the Republic of Azerbaijan and World Intellectual Property Organisation and held on March 17, 2016.

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INTRODUCTION

- ❖ “Authors rights” and “related rights”, being closely tied to each other, are understood under the wording of “Copyright”.
- ❖ “Copyright” is an economic category, as well as cultural and legal one at the same time, and the most important part of the intellectual property. Being a part of property rights, it has its own value, economic characteristics, and functions, and is involved in the economic turnover.
- ❖ The economic importance of the “Copyright” has been increasing starting from the second half of the 1970s and economic aspects of its use are rising to an upright position.
- ❖ The acknowledgement of the economic nature of the “Copyright” (emergence of new fields of the industry and workplaces based on it, the increase in the value add, and the expansion of trade relations) led to the creation of the new term “Copyright industry”.
- ❖ “Copyright industry” was called a “cultural industry” in the initial period (*German scientists Adorno T., Horkheimer M.*).
- ❖ But the current term is the “Creative Economy”.

I. What is the creative economy?

1. The meaning of the terms “Creativity” and “creative”.

“Creativity” (*Latin “creō”, French “creation”, Russian “креативность”*)

– creativity, inventiveness, innovativeness, activity (*encyclopedic dictionary*);

– formation of principally new ideas by the person, his/her creative ability (*psychological dictionary*).

“Creative” – innovative, original, extraordinary, new, unrepeatable, unique

2. The history of the notion of “Creative economy”.

- “Creative economy” has been firstly mentioned in the “Business Week” journal (August 2000) –1st theory;
- John Howkins, “The Creative Economy”, 2nd edition, “The Penguin Press”, 2001;
- This term has been deeply identified in the famous book (“*The Rise of the Creative Class*”, 2002) by Richard Florida and got firmly established after that.

3. The difference between the approaches by J. Howkins and R. Florida to “Creative economy”.

- **Howkins:** “Creative economy” consists of 15 creative industry areas, including:
 - scientific research and practical-constructive work;
 - publishing;
 - software;
 - TV and radio;
 - designing;
 - music;
 - movie;
 - toys and games;



- advertising;
- architecture;
- performing arts;
- handicraft;
- video games;
- fashion;
- art.

These areas are the creators of copyright objects, patents, trademarks, and original patterns, thus, intellectual property. This is a sectorial and operational definition.

Florida:

- “Creative economy is determined on the basis of the profession (activity)”, “the leading power of the economy and society is creativity”, thus, “knowledge is the creation of new practical forms based on the economic understanding”.
- “Knowledge and information are tools and working materials for creativity and their products are innovation”.
- This is a conceptual definition based on the kind of activity.
- Creative class – transmitters of creativity is divided into two parts:
 - a) super creative nucleus (*scientists, engineers, university professors, poets, writers, artists, actors, designers, architects, publishers, editors, cultural figures, experts etc.*);
 - b) people working at knowledge-based areas (*high technologies, finance, law, business management etc.*).
- The basis of the Creative class is an economy, thus, representatives of it are producers of economic values as a result of creative activities.

- “Creative ethos – dominant spirit or the character of the culture”: this arises from the growing importance of creativity.

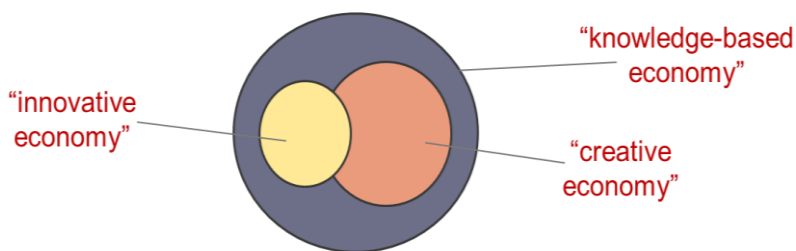
CONCLUSION:

- ✓ According to the operational definition, creative economy – is the corresponding sector of the national and international economy, producing, utilising and distributing products and services related to creativity. *(Creative economy covers product and service markets, such as scientific research and practical-constructive work, software, movie industries, media, music and art-related business, video games, advertisements and design and so on).*
- ✓ According to the conceptual definition, creative economy indicates transmitters of creativity and new forms (*innovations*), resulting from their activities (*aforementioned creative professions and their intellectual property products*).



II. The comparison of the terms “creative”, “innovative” and “knowledge-based industry”

1. “Creative” and “innovative economy” are not the synonym, but intersecting notions.
2. “Innovative economy”, being reflected mainly in scientific-technological advances and their commercialization, does not consider some products and services of “creative economy”. But it covers organisational knowledge, not included under the notion of “creative economy” (*instructions, methodology, technologies, human knowledge and experience, patents, copyright, trademarks, even IP objects obtained through licenses*)
3. However, either “creative economy” or “innovative economy” belongs to abstract “knowledge-based economy”, as both of them are based on knowledge.



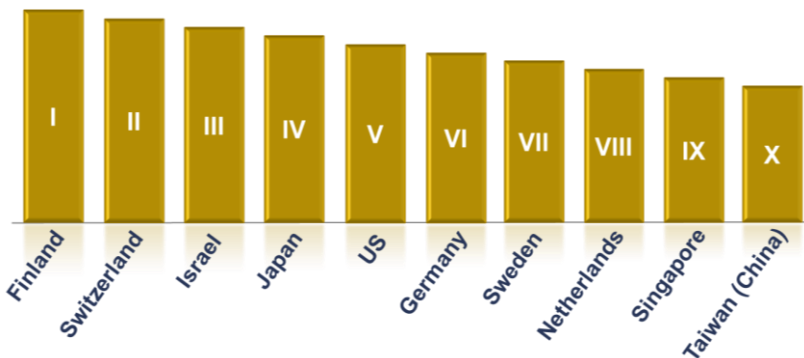
4. The emergence of the new term – “creative-innovative economy”.
5. According to the report of the Davos Economic Forum, several examples from “innovative” and “creative” economy.

The Global Competitiveness Index (2013-2014), (2014-2015) and (2015-2016) Rankings

**“The Global Competitiveness Report 2015-2016”
by the World Economic Forum (Davos)**
(Azerbaijan is ranked at 40th out of 140 competitive
countries- the leader of the CIS region)

The Global Competitiveness Index: 2014-2015

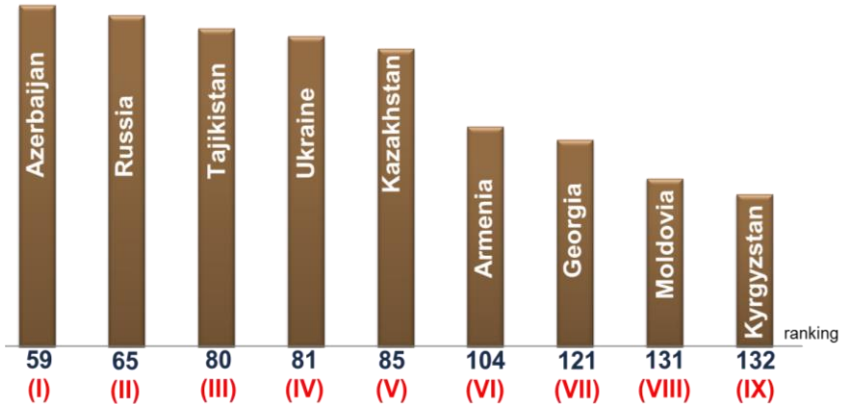
I. Top 10 countries in the world according to the “Innovation” pillar



Note. Research has been done on the basis of 113 indicator parameters, 12 pillars.

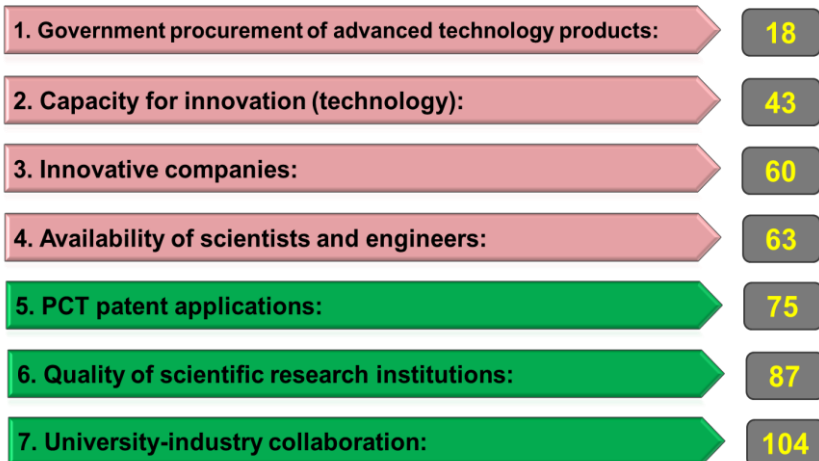
The Global Competitiveness Index: 2014-2015

II. The standings of countries in CIS region (report made for 9 countries) according to the “Innovation” pillar



The Global Competitiveness Index: 2015-2016

III. The ranking of Azerbaijan based on the parameters of “Innovation” pillar



The Global Competitiveness Index: 2013-2014

Intellectual property protection



III. WIPO methodology and international experiences in the measurement of the creative economy

1. Objective difficulties of a creative economy, as well as a statistical comparison (*generally and by a particular country*).

- The dependence of the study results on the accounted economic activity spheres and specific features of measurement methods;
- Although the scope and dynamics of creative economy are based on traditional economic indicators (share in GDP, employment and wages in creative sector, business concentration, cluster area and so on), non-representation of certain fields of creative economy in national statistics, absence of the account of employment at this industry, difficulties for the estimation of the value added of products, and other issues create problems.

However:

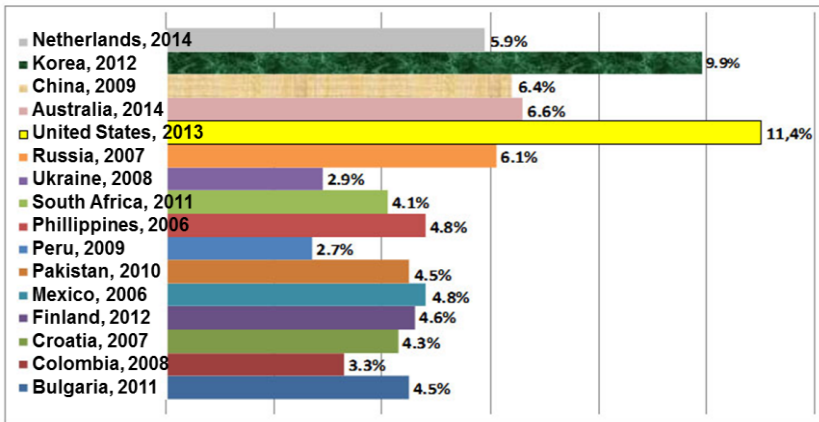
The creative sector is growing intensively in spite of statistical challenges and differences between measurement methods: Copyright industries accounted for 5-6% of the global economy, and the contribution of the industrial designs was roughly the same (overall 11-12%), and the annual growth rate of creative industries was 8.8% on average during the last 10 years, the number of which doubled the global GDP growth rate.

2. WIPO Methodology

- The measurement of the creative industry contribution is conducted in four groups (*sector categories*):
 - core;
 - independent;

- partial;
- non-dedicated.

- The measurement conducted in different years WIPO Methodology:



Source: WIPO

- According to the data by WIPO, the share of the creative industry in the US, a world leader in this sector, was \$1.922 billion, or 11.44% of the GDP in 2013, and the AAGR of it was 3.45% between 2002-2013 (*while this percentage was 2.25 for the overall growth of the economy*).
- The most contributory sectors inside the creative industries are **advertising, content production for cable TV, broadcasting, and publishing**.
- The contribution of the creative industry in the US surpasses areas, such as **aircraft, steel, and metal, electronic and industrial equipment, food, chemical reactor production**.
- In 2013, 11.2 million people were recruited at copyright-based industries (*8.26% of total labor force*)

in the country), and this number was more than the one for industries, such as **aircraft, car, steel production, pharmaceutical and textile industries**. Furthermore, creative industries are capable of opening new workplaces more intensively compared to other leading sectors.

- According to data by IIPA, creative industry exports, amounting to \$156.3 billion in 2013 in the US, surpassed the corresponding figures for the chemical (\$147.8 billion), aerospace (\$128.3 billion) and agricultural (\$68.9 billion) industries.



3. From the “Creative Economy Report 2010” prepared as the collaborative effort of UNCTAD, UNDP, UNESCO, WIPO, and ITC.

- ✓ The creative industry is one of the sources of the dynamic economic development: During the period 2002-2008, creative industry exports have doubled (*\$600 billion*).
- ✓ Despite the adverse effects of the 2008 global financial crisis, the size of the creative industry exports amounted to 14%, by showing a dynamic growth, during the period 2002-2008, while world trade shrank 12% at that time.
- ✓ As the creative industry ensures sustainable development, following recommendations has been reflected in the Report:
 - every country should choose the efficient strategy of the creative economy, and take into consideration its

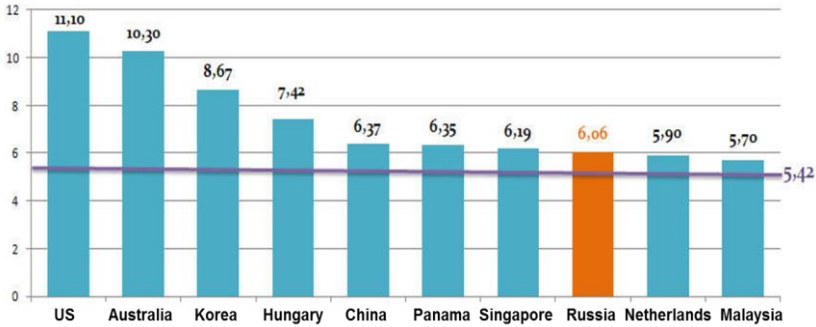
relationship and coordination with social, cultural, scientific-technological and ecological areas as well;

- considering the reliance of the creative economy upon IP, and highlighting its intersection and integration with art, business, innovations and new business models, special requirements, which arise from education, cultural identity, social inequality, ecological factors, should be reflected in the formation of creative industry policies.

✓ The shares of the developed, developing and transition countries in the growth of creative industry exports are – 82%, 11% and 1% respectively, and contributions of the developed countries by sectors are 90% for music and audiovisual industries, 80% for publishing, and 50% for designing.

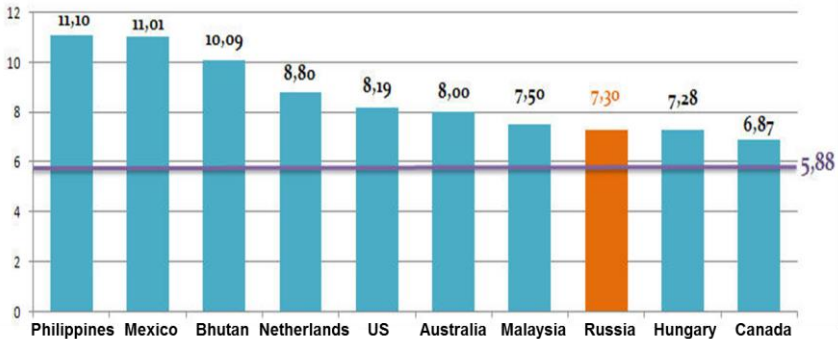
4. The WIPO 2012 Study – “Copyright + Creativity = Jobs and Economic Growth” (30 countries)

- The study covered 30 developed and developing countries from all the continents.
- Two major indicators, analysed in the study were the contribution of creative economies to GDP and share of employment.
- The research was carried out on the basis of WIPO Methodological Guidelines and groups of industries.



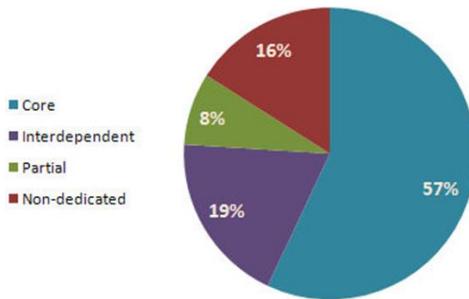
The contribution of the copyright industry to GDP, %
(source: *WIPO*) (top 10 countries)

- The research shows that the contribution of the creative industry to GDP varies from 11.1% (the US) to 1.58% (Brunei), with the average 5.43% in 30 countries.
- Countries, having experienced rapid economic growth have above average 5.42% share of GDP attributed to copyright industries.



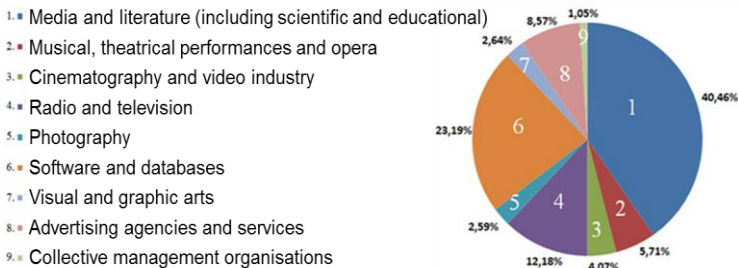
Contribution of Copyright Industries to National Employment, %
(Source: *WIPO*) (Top 10 countries)

- The research suggests that the contribution of the creative industry to national employment varies from 11.1% (Phillipines) to 1.90% (Ukraine), with the average 5.88%.
- The research shows that there is a **correlation** between the countries with above average share of creative industries in GDP and the ones with above average share of employment.
- Shares of groups of industries of the WIPO in creative Industries:



Distribution of groups of industries in the creative economy, % (Source: WIPO)

- The research shows that the biggest contribution comes from the core copyright industries (57%).



Contribution of core creative industries to GDP by industry, % (Source: WIPO)

- The research shows that the biggest contributors of creative industries are press and literature, including scientific and educational one (40.46%), software (23.19%) and radio & TV (12.18%).
- The most important results of the WIPO research:
 - There is a **positive correlation** between the contribution of the creative economy to GDP and GDP per capita;
 - There is a strong positive correlation between the contribution of the creative economy to GDP and Global Competitiveness Index as the competitive environment in a country acts as an accelerator for creative industries;
 - There is a positive correlation between the contribution of the creative economy to GDP and Global Innovation Index;
 - There is a strong positive correlation between the contribution of the creative economy to GDP and International Property Rights Index, and countries with well-functioning copyright legislation have a strong creative economy;
 - **Core** copyright industries perform significantly in Developed countries, and these countries have a GDP share 75% higher than Transition, and two times higher than Developing ones.

IV. National research (on creative economy)

1. The principles and history of the research.

- Research has been being carried out by the Copyright Agency of the Republic of Azerbaijan since 2003.
- Research is based on WIPO Methodological Guidelines and has been adjusted to the structure and statistics of the national economy.
- State statistical data is used for the measurement, and in the absence of it, results of the state budget report or expert assessments have been utilised.
- The production of counterfeit goods is not considered.



2. National research details (2014).

National research details (2014)

Types of creative industries	Main groups of industries	Subgroups
<p>Core Copyright industries, their products and other related fields (1:1) - <u>1785.6 million</u></p> <p>These industries are fully based on the Copyright and their main products are copyrighted materials. Here is included: - book (music) publication;</p>	<p>Publishing and polygraph production; information agencies; libraries - <u>105.4 million</u></p>	<p>Publication of journals and newspapers (other media forms); publication of books, maps and images, guide books and other issued materials – (polygraphy 30.5+publication 29.2) <u>59.7 million</u> Materials of news agencies- <u>6.3 million</u> Materials of private news agencies - <u>5.2 million</u> Libraries - <u>34.2 million</u></p>

<p>- theatres, TV production, software manufacturing, advertising and photo agencies, architecture organizations etc.</p>	<p>Theatre and opera performances; Music production and other cultural services – <u>131.4 million</u></p>	<p>Artistic and literary works and interpretations (concerts and other musical performances) – <u>83.3 million</u> Music (recordings) production - <u>1.2 million</u> Other cultural services – <u>46.9 million</u></p>
	<p>Radio and TV; film production, – <u>292.2 million</u></p>	<p>National radio and television broadcasting programs –<u>53.4 million</u> independent radio and television (cable TV) broadcasting programs and broadcasters –<u>76.2 million</u> Radiocommunication, transmission of radio and television programs and other services– (60.5+75.1) <u>135.6 million</u> Production of films, music videos etc. – <u>27.0 million</u></p>

	Photography - <u>2.9 million</u>	Photo studios and commercial photography – <u>2.9 million</u>
	Science, education, software, and data collection, project work - <u>1162.0 mln.man.</u>	Science - <u>124,2 mln.man.</u> Education (public and private 218.0 310.0 high-net) - <u>528.0 mln.man.</u> Programming and software (business programs, video games, educational programs, etc.) - <u>69.5 mln.man.</u> Creation of data compilations processing and publishing - <u>18.3 mln.man.</u> Architectural work, project work, design (8439,8 -5%) - <u>422.0 mln. man.</u>
	The visual and graphic art – <u>18,2 mln. man.</u>	Art galleries, museums - <u>18,2 mln.man.</u>
	Advertising services – <u>72,5 mln. man.</u>	Advertising agencies, advertising manufacturing - <u>72,5 mln.man.</u>

<p>Interdependence fields (1:1 – 1:10) – <u>483,9 mln. man.</u></p> <p>A certain part of production facilities in these areas are protected by copyright distribution, copying, replicate and use closed.</p> <p>Copyright It is associated with the manufacture of equipment and so on included.</p>	<p>Copyright field state policy – <u>1,0 mln.man.</u></p>	<p>Copyright societies - <u>0,1 mln.man.</u> Supporting and regulation of copyright societies – <u>0,9 mln.man.</u></p>
	<p>TV, radio, video - recorders, SD, DVD and etc, An audio-recording devices, electronic games and others. similar equipment productions – <u>360,4 mln.man.</u></p>	<p>Computer, electronic and optical products, their production – <u>63,4 mln. man. (1:1) – 63,4</u> Musical instruments and jewelery products – <u>8,9 mln.man. (1:1) – 8,9</u> Manufacture of machinery and equipment – <u>347,9 mln. man. (1:3) – 116,0</u> Production of electrical machinery and electrical equipment – <u>162,2 mln. man. (1:2) - 81,1</u> Installation and repair of machinery and equipment – <u>249,9 mln.man. (1:10) – 25,0</u></p>

<p>Partially based Copyright areas, (1: 1 - 1: 5) - <u>76.3 million. man.</u> These areas are based on a partially</p>		<p>Fabricated metal products <u>107,9 mln.man.</u> (1:5) – 21,6 Production of construction materials – <u>444,4 mln.man.</u> (1:10) – 44,4</p>
		<p>Instrumentations photography and cinematography, production of photocopying equipment</p>
		<p>Recording materials</p>
	<p>Paper products – <u>12,6 mln.man.</u></p>	<p>Cellulose and paper industry – <u>25,2 mln.man.</u> (1:2) – 12,6</p>
	<p>Internet – <u>110,9 mln.man.</u></p>	<p>Internet – <u>110,9 mln.man.</u> (1:1) - 110,9</p>
	<p>Clothing, textiles and manufacture of footwear; Production of furniture; carpets textile industry and</p>	<p>Clothing production, fur decoration and painting – <u>31,8 mln.man.</u> (1:2) – 15,9 Textile industry – <u>47,0 mln.man.</u> (1:1) - 47,0 Leather, leather products and shoe</p>

<p>copyright and intellectual creative elements of the production facilities. These includes fashion designers, artists, activities and so on.</p>	<p>manufacturing – <u>76,3 mln. man.</u></p>	<p>manufacturing – <u>18,9 mln. man. (1:3) – 6,3 Furniture – 35,4 mln. man. (1:5) – 7,1 Coins productions; Production of toys and games; Other arts;</u></p>
<p>Copyright-industry auxiliary areas (1:4 – 1:80) - <u>627,8 mln.man.</u> This includes copyright production, distribution, preservation and realization of supporting areas.</p>	<p>Trade, transportation, telephone - <u>627,8 mln.man.</u></p>	<p>Wholesale and retail trade (Shops, warehouses, kiosks) – <u>22001,7 mln.man. (1:80) – 275,0</u> A variety of different types of transport and transport organizations – <u>2653,0 mln. man. (1:80) – 33,2 Telephone – 1278,4 mln.man. (1:4) – 319,6</u></p>

The main copyright industry sectors, construction and others units – 1785,6 mln.man. (3,0%)
The interdependence between sectors – 483,9 mln. man. (0,8 %)
Partially based on the areas of copyright – 76,3 mln. man. (0,1%)
Auxiliary areas of the industry – 627,8 mln.man. (1,1 %)

2973,6 mln.man. (5,0 %)

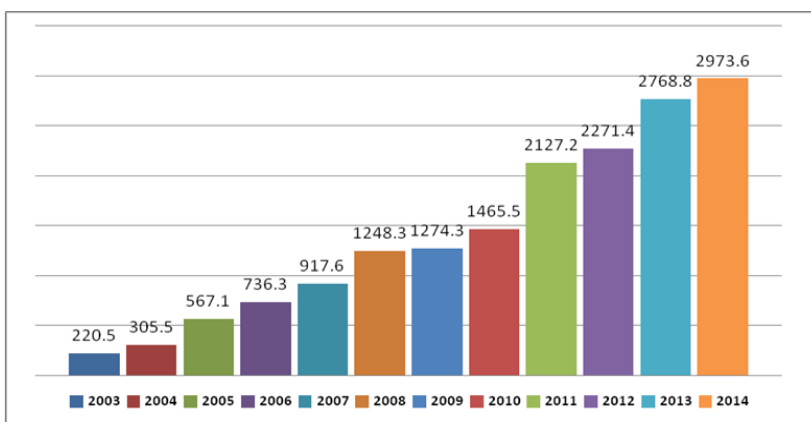
GDP – 58977,8 mln.man.

Dollar – 0,78

Dollar – 75188,4

3. The results of the research

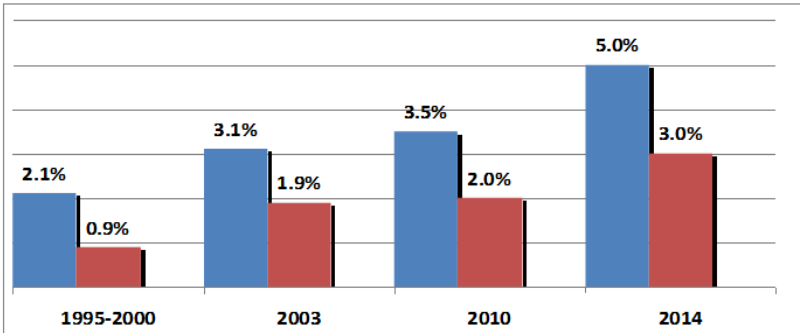
- Research shows that, from 2003 to 2014, including the growth of creative industries 2973.6 mln.man., up from 220.5 mln.man. increased (13 times). In addition, the main author of which concerns the right of creative industries from 153.3 mln.man. grew up 1785.6 mln.man. (11.6 times). It is a demonstration of the government's attention to this field.



Creative Industries Volume (mln. man.)

- Creative industriyani other indicator that characterizes the industry share in GDP Copyright-shows: during the years of 2003-2014, the figure rose to 5% from 3.1% growth (60% more), plus 1995-2000- the average price in the index (2.1%), taking into account 2.4 times.
- During this period, Azerbaijan's GDP has grown at very high rates (8.2 times) (in the 2005, 2006, 2007 years the highest rate), but copyright-industries 13 times.

- However, the GDP growth rate has acted as a catalyzer for copyright-industry.



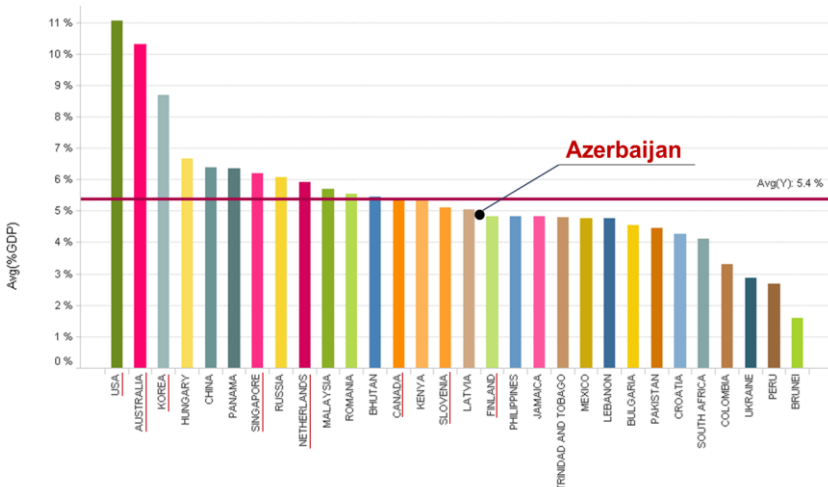
Share of creative industry and its part based on main Copyright in the GDP

V. Comparative analysis of the national research results

1. Principles of comparative analysis.

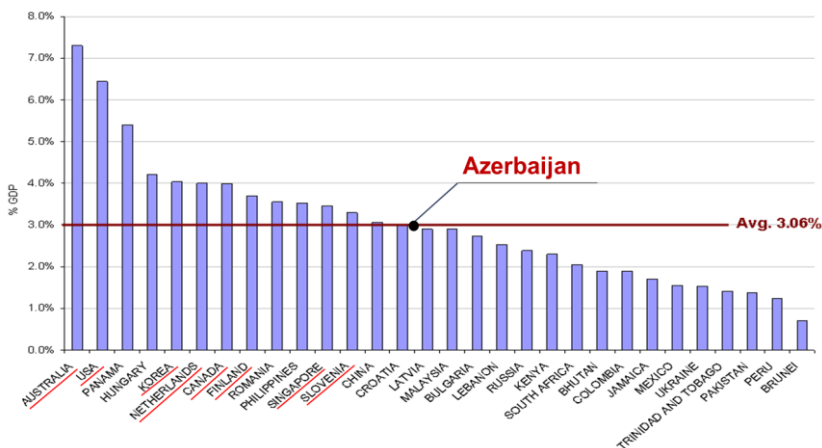
- ✓ As the primary source WIPO Survey “Copyright + Creativity = Jobs and Economic Growth” on 30 countries in 2012 is taken and compared with the results of National study.
- ✓ Recommendations resulting from the values of points of that Survey and analysis of the Global Competitiveness Index, the Global Innovation Index and the International Property Rights Index are analyzed with the results of the national study and relevant proposals are made.

2. The share of Azerbaijan creative industry in the GDP compared with other countries



Share of creative industry in the GDP per countries, %
(Source: WIPO, Agency, underlined countries are developed countries according to the International Monetary Fund)

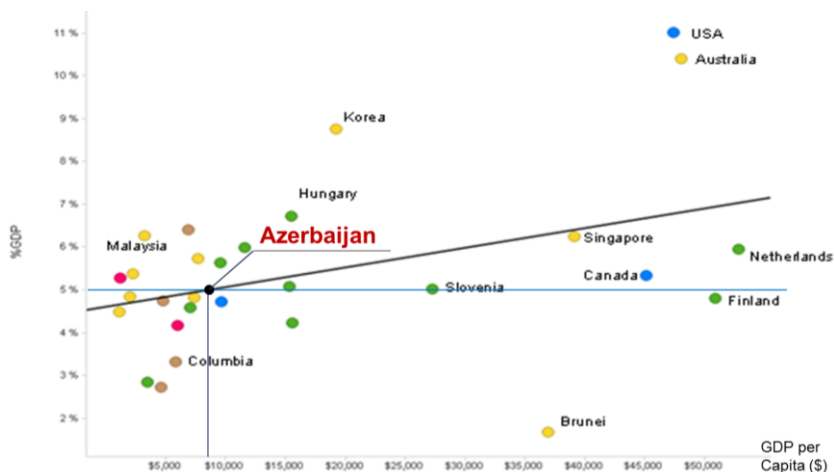
- ✓ Research shows that the index of the creative economy of Azerbaijan (GDP share of 5%) is at a **middle level** (5.4%) among 30 countries surveyed by WIPO, and generally not inferior to a number of developed countries.



The main copyright owners of creative economy, %
 (Source: WIPO, Agency, underlined countries are developed countries according to the International Monetary Fund)

- ✓ Also the index of share of the main copyright fields of creative economy in the GDP (3%) is at a middle level (3,06%) and not inferior to a number of developed countries.

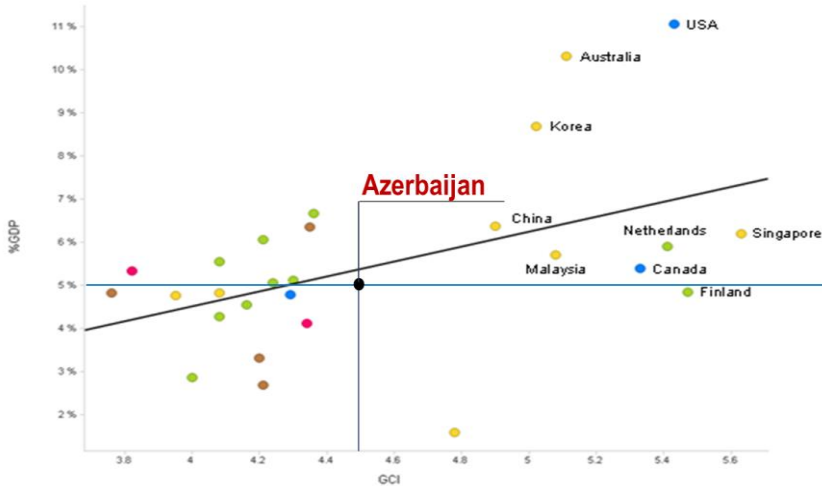




Share of creative industry in the GDP in relation to the GDP per capita

(Source: WIPO, Agency, World Bank)

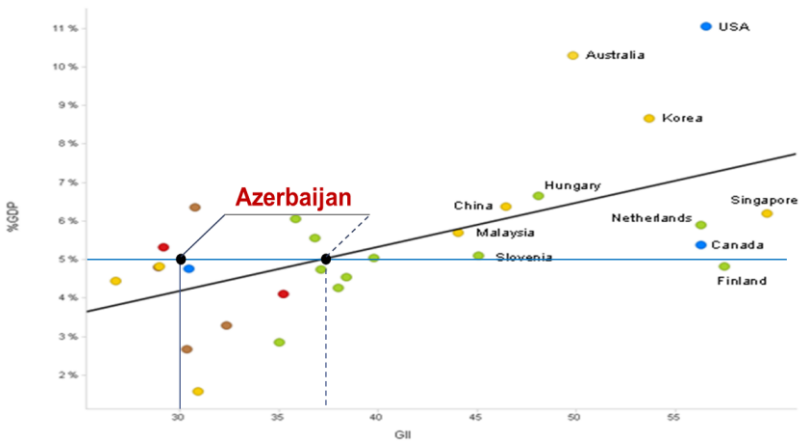
- ✓ Research shows that the regression line (stochastic dependence) between the share of GDP and the GDP per capita is fully compatible with coordinates of the index of Azerbaijan creative economy (5,0%) and per capita GDP (8000\$, 2014). The difference here is approximately 0.01% (almost falls on the regression line). **But this is appearance of high accuracy (representativeness) of the National study.**



Relation between the share of creative industry in the GDP and the Global Competitiveness Index

(Source: World Economy Forum, Agency)

- As shown from the analysis, difference between regression line and coordinates of Azerbaijan indexes is very few (approximately 0.1% level).
- Azerbaijan ranks with 4.5 rating in the 40th place among 140 countries in the world in the Global Competitiveness Index 2015-2016, and leads in CIS region and prevails a number of developed countries.
- "Protection of IPR" sub index (column) and "Institutions" indicator plays an important role in counting of the Global Competitiveness Index. The analysis shows that Azerbaijan **is a leader of the South Caucasus, in top 3 among the CIS countries and prevails Russia and the Ukraine** (respectively, 124th and 120th places) in this field.



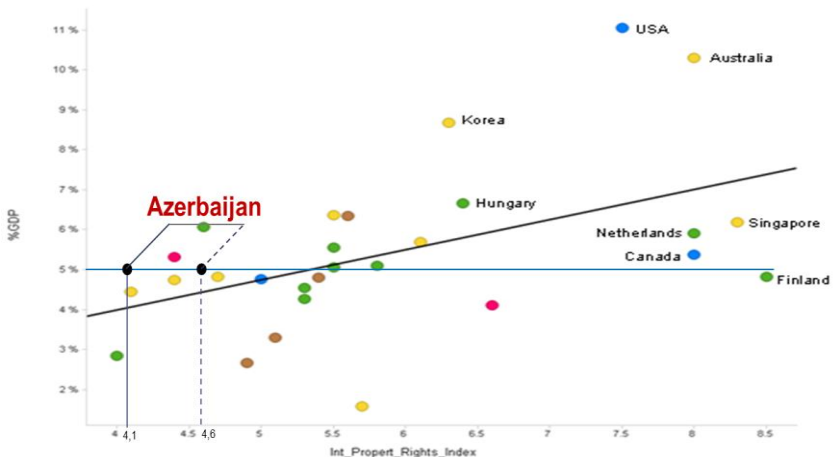
Relation between the share of creative industry and the Global Competitiveness Index

(Source: WIPO, Cornell University, INSEAD, Agency)

- Research of the Global Innovation Index is made by Cornell University and French Research Centre **with the participation of the WIPO.**
- As can be seen, there is a positive correlation between the share of the creative economy and the Global Innovation Index.
- Azerbaijan is in 93rd place among 144 countries with 30.10 point in the Global Innovation Index 2015.
- But Azerbaijan position is in a very weak relation with the regression abuse, because the difference is about more than 1%. Moreover, the figures are in conflict with indicators of the Global Competitiveness Index. Thus, Azerbaijan is in the higher 61st place in the "Innovation" sub-index (column) of the Report of the World Economic Forum and is a leader of the South Caucasus and is just back from Ukraine (54th place) in

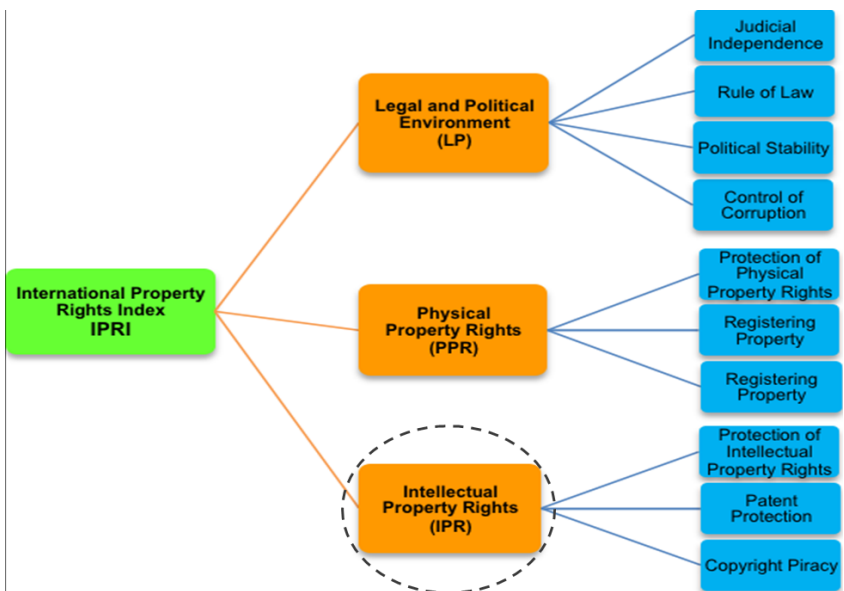
the CIS region. In addition, 93rd place of Azerbaijan is contradictory in the "Creative products and services" section (this is the most important indicator of the copyright protection) of the Global Innovation Index, which is the basis of the creative industry. So by this indicator Azerbaijan is in the 68th place among 144 countries and thus, it is one of the leaders of the CIS, it prevails Russia 10 lines, Kazakhstan 18 lines and Ukraine 18 lines.

- It is clear that, in the case of the rank of Azerbaijan around 36 the difference from the regression line will be 0,1 percent. This is compatible with 60th-70th places of the Global Innovation Index (where the rank is between 37-35). In this case, the Global Innovation Index of Azerbaijan might be consistent with WIPO's creative industry, as well as the Global Competitiveness Index.



Share of the creative industry in the GDP and relationship between International Property Rights Index

- The International Property Rights Index is carried out by the Property Rights Alliance and for the first time in 2015, Azerbaijan was included in the countries surveyed.
- As stated in the Report of the Alliance, the used materials have been done on the base of dates of the Economic Cooperation Organization, the World Bank, the WTO, and the US Trade Representative Office of the President and various international and national research centers, and cover 129 countries.
- The rating calculation is carried out on the following rule:



$$IPRI = \frac{LP + PPR + IPR}{3}$$

- Azerbaijan is indicated in 103rd place with only 4,1 points on that ranking.
- At the same time in IPR sub index Azerbaijan is more backwards with 2,8 points (119th place). Despite, Azerbaijan remains lider in Caucasus with indicated figures, (Georgia 125th place with 2,2 points, Armenia 120th place with 2,7 points) this situation is not acceptable for us.
- For additional search on one hand the most reliable and professional 2012 Report of WIPO on creative industry and dependence between the share of medium size creative industry in GDP and Rights Protection International Index, on the other hand details of Azerbaijani IPR index is reviewed
- ✓ Report allows that we can pay attention to "the protection of intellectual property rights" subindex. Azerbaijani "Intellectual Property Rights" sub index equals to 2,8 points and consists of 2 components – "protection of IPR" and level of "piracy" (1,5 points). First component is ranked 73rd (129 countries), second component is ranked 95th (105 countries).

Note: Report notes that an information from Azerbaijan on 3rd component – patent protection – doesn't exist.

- As we see piracy indication impacts IPR sub index as it's indication is low. Undoubtedly, fight against piracy is important. Azerbaijan pays and will pay attention to it. It is noted in report that, level of piracy is based on only BSA information. Although this indication has diminished from 96% to 85% during last 10 years, it is still high (the reason is use of illegal software without Microsoft license).

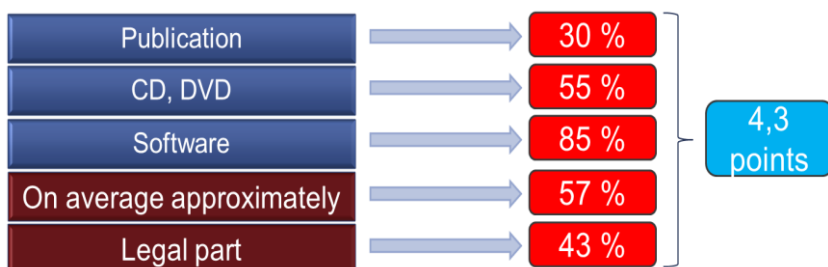
Note: 85% software piracy exists and only 15% software remain "clean" and it equals to 1,5 points.

✓ But here several problems occur:

Firstly, piracy is not only related with software segment, it manifests itself in edition, music and audiovisual segment (CD, DVD).

Secondly, in one part of report “piracy” (Copyright Piracy) is presented mistakenly as “Copyright”.

➤ Piracy in Azerbaijan on various segments:



And this is consistent with 74th place. IPR sub index should be $(4,2 + 4,3) / 2 = 4,25 \approx 4,3$ points, approximately 80th place, IPR index should be $(3,7 + 5,8 + 4,3) / 3 = 4,6$ points.

➤ 4,6 points (*look at the diagram*) are approximately consistent with 77th, and this diminishes difference from existing 1% regression line approximately 2 times and remains more suitable with WIPO Economical Forums competitiveness Index.

➤ **But the issue doesn't come to end with this.** IPR index (2,8 points) and piracy index (1,5 points) of Azerbaijan causes **paradoxal results** in comparison with another countries. Lets have a look to the list of IP infringing (briefly pirate) countries of US Trade Representative to which IPRI report refers.

Azerbaijan is not included in this list about 10 years.in 2015 list there are 13 countries in Priority Watch List including Chile, China, India, Russia, Thailand, Argentina,

Kuwait, Indonesia, Ukraine, Algeria, Pakistan, Venezuela and Ecuador. From them Ecuador is not included in IPRI index and only Venezuela has 2,6 points.

Index of 11 other countries change between 6,1 and 3,0 points.

So, 11 countries of which IPR index are higher than Azerbaijan, IPR are protected lowly strongly infringer, and this is more than 90%.

✓ In addition 24 countries are in Watch list including Canada, Greece, Jamaica, Trinidad and Tobago, Turkey, Mexico, Brazil, Romania, Colombia, Costa Rica, Bulgaria, Peru, Egypt, Guatemala, Vietnam, Lebanon, Barbados, Belarus, Tajikistan, Turkmenistan and Uzbekistan.

Final 5 countries are not in IPRI investigation, and only Lebanon's IPR index (2,5) is lower than Azerbaijan. So 18 countries excluding Lebanon from indicated 24 countries has higher IPR index than Azerbaijan and this equals to 95%.

So, in 30 countries IPR index is higher than Azerbaijan, i.e. IPR is better protected but somehow are considered pirate, infringing countries, whereas Azerbaijan is not included in "black list". How can it be explained? My ask this question to WIPO officials.

P.S. If indicated indexes of Azerbaijan expressed more accurately, it would be like

$$\begin{aligned} \text{IPRI} &= (\text{LP} + \text{PPR} + \text{IPR}) / 3 = \\ &= (3,7 + 5,8 + 4,3) / 3 = 4,6 \text{ points} \end{aligned}$$

and it would be equal to 77th place (26 ranks higher).

RESULTS

1. International researches of WIPO on Creative industry show that this field plays important role in developed and a number of developing countries and in economical crisis conditions has the power of incentives.
2. “Azerbaijani Model” of Mr. President Ilham Aliyev serves strengthening legislative and executive measurements by providing sustainable social-economical development of country. This model has raised the volume of copyright based creative industry 13 times in last 10-12 years.
3. A more cautious approach and the use of more accurate methodology database is reasonable for estimation of IPRI International Index.