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**SATELLITE CULTURE ACCOUNT FOR URUGUAY:
VISUAL AND PLASTIC ARTS SECTOR**

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Satellite Culture Account for Uruguay: Visual and Plastic Arts Sector

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Abstract

Implementing a Culture Satellite Account (CSA) is a pioneering feature to measure the economic impact of the cultural sector. The first countries to have one were Chile and Colombia, followed by Finland and Spain in 2009. Uruguay has completed its CSA through a research done by the University of the Republic, upon the request of the Ministry of Education and Culture.

This paper shows the estimation of the Visual and Plastic Arts sector included in the CSA. The estimated variables are production and generation of income accounts, the exports and employment, using as a main theoretical framework the Methodological Manual for the implementation of the CSA of the agreement Andrés Bello (CAB, 2009).

This sector is one of the most complex ones, since the primary market (formed by the first transaction of the work) operates with a high level of informality, specially regarding sales done by the artists themselves.

However, with a systematic methodology in which the results are obtained considering both offer and demand, it is possible to estimate a peculiar and interesting sector such as the Visual and Plastic Arts.

Keywords: National Accounts, Culture, Satellite Accounts, Visual and Plastic Arts.

JEL Classification Codes: E20, Z19

Field: Applied Economics, Cultural Economics.

1. Introduction

Implementing a Culture Satellite Account (CSA) is a pioneering feature to measure the economic impact of the cultural sector. The accumulated experience in this issue comes from South America, being Chile and Colombia the first countries to have one. In 2009, Finland and Spain presented their own CSA for the first time.

The few experiences in developing a CSA were conducted mainly by official agencies without a great academy presence. That is the reason for the lack of academic documents on the subject at the moment of the implementation of the CSA for Uruguay.

Uruguay has completed its CSA through a research done by the University of the Republic, upon the request of the Ministry of Education and Culture within the framework of the project “Strengthening cultural industries and improving access to the cultural goods and services of Uruguay”.

This paper shows the estimation of one of the sectors included in the CSA: the Visual and Plastic Arts sector. The estimated variables are production and generation of income accounts for the activities of the sector, exports and employment, using as a main theoretical framework the Methodological Manual for the implementation of the CSA of the Agreement Andrés Bello (CAB, 2009).

This work is divided in 5 sections, being the first one the current introduction. The second one presents the background, defining the activities and products included in the sector, the production boundary and the characterization of the sector in Uruguay. The third section shows the methodology of estimation that was used, to subsequently display the reached results of the investigation. Finally, the conclusions of the research are presented.

2. Background

2.1 Definition of activities included in the sector

The activities that will be considered in the Visual and Plastic Arts sector are defined and described in the current section.

According to the definitions from the Methodological Manual for the implementation of the CSA for Uruguay (CAB, 2009) the Visual and Plastic Sector is included amongst the following activities defined by ISIC Rev 4¹:

- Class 9000 - Creative, arts and entertainment activities
- Class 4773 - Other retail sale of new goods in specialized stores
- Class 4610 - Wholesale on a fee or contract basis.
- Class 7420 – Photographic activities

It has been opted to include the plastic arts marketing activities according to the criteria adopted by the quoted Methodological Manual for the cases of Books and publications and Musical Production and Edition. The “specialized store retail trade services” (CPC Ver.2 62242 and 62251 respectively) are included in those sectors, it was therefore considered coherent to include the marketing activities of art galleries and auctioneering houses when related to plastic arts.

The ISIC 4 adapted for Uruguay² defines the activities enumerated as follows:

9000 - Creative, arts and entertainment activities

“This class includes the operation of facilities and provision of services to meet the cultural and entertainment interests of their customers. This includes the production and promotion of, and participation in, live performances, events or exhibits intended for public viewing; the provision of artistic, creative or technical skills for the production of artistic products and live performances. This class includes: production of live theatrical presentations, concerts and opera or dance productions and other stage productions: activities of groups, circuses or companies, orchestras or bands; activities of individual artists such as authors, actors, directors, musicians, lecturers or speakers, stage-set designers and builders etc.; operation of concert and theatre halls and other arts facilities; activities of sculptors, painters, cartoonists, engravers, etchers etc.; activities of individual writers, for all subjects including fictional writing, technical writing etc.; activities of independent journalists; restoring of works of art such as paintings etc.

¹ Revision 4 of the International Standard Industrial Classification of All Economic Activities. INE [Statistics National Institute]. Not all the activities covered by the quoted codes are part of the CSA for Uruguay. The products from the sector will be listed below.

² INE [Statistics National Institute]

This class also includes: activities of producers or entrepreneurs of arts live events, with or without facilities.

This class excludes: restoring of stained glass windows; manufacture of statues, other than artistic originals; restoring of organs and other historical musical instruments; restoring of historical sites and buildings; motion picture and video production; operation of cinemas; activities of personal theatrical or artistic agents or agencies; casting activities; activities of ticket agencies; operation of museums of all kinds; sports and amusement and recreation activities; restoring of furniture (except museum type restoration).

4773 - Other retail sale of new goods in specialized stores: activities of commercial art galleries

“This class includes: activities of commercial art galleries”.

4610 - Wholesale on a fee or contract basis.

“This class includes: activities of wholesale auctioneering houses”.

7420 – Photographic activities

“This class includes: commercial and consumer photograph production: portrait photography for passports, schools, weddings etc.; photography for commercials, publishers, fashion, real estate or tourism purposes; aerial photography; videotaping of events: weddings, meetings etc.; film processing: developing, printing and enlarging from client-taken negatives or cine-films; film developing and photo printing laboratories; one hour photo shops (not part of camera stores); mounting of slides; copying and restoring or transparency retouching in connection with photographs; activities of photojournalists. This class also includes: microfilming of documents.

This class excludes: processing motion picture film related to the motion picture and television industries, cartographic and spatial information activities”.

2.2 Considered definition of the production boundary

According to UNESCO (2009): “Visual Arts are art forms that focus on the creation of works, which are visual in nature. They are intended to appeal to the visual sense and can take many forms. Although, it is acknowledged that some contemporary visual arts may include multidisciplinary art forms such as “virtual art”; these art forms are included in domain E, *Audio-visual and Interactive Media*. The *Visual Arts and Crafts* domain includes *Fine arts* such as paintings, drawings, sculpture; *Crafts*; and *Photography*. Commercial places where the objects are exhibited, such as commercial art galleries, are also included in this domain”.

In accordance with the SNA 1993, in general, all the producing goods activities belong to the field of production, regardless of whether these are developed within legal or illegal schemes. On the other hand, according to the Methodological Manual quoted above, when the production processes of products such as paintings, sculptures, photographs, etc. are organized or developed within market-oriented units (or with reference to a market), they are seen as production processes that must be considered within the production boundary.

“In the case in which “the producer” is an individual who performs this activity (painting, taking pictures, etc.) in his free time because he enjoys the creation activity and in this way satisfies his aesthetics needs and “produces” a product for his own enjoyment or his close ones', it is a cultural practice but not a production process and, therefore, it is not considered within the production limits.

If at some point that product is sold, an “emergence of economic value” would be verified that according to the System of National Accounts is not recorded as production since there is no production process behind. It is considered as a *holding gain*³ for the one who sells since there is an emergence of value for something that initially had none, and it is classified amongst “other changes in assets” accounts as an emergence of value for the seller and as a gross fixed capital formation or acquisition of valuables for the buyer. This value emerges at the moment of the transaction, but no during the

³ “The nominal holding gain on a given quantity of an asset is the value of the benefit accruing to the owner of that asset as a result of a change in its price or, more generally, its monetary value over time.” SNA 1993 para. 12.63

“production”. This analysis applies to works of art, paintings, sculptures, as well as to pictures, original books, music, etc.

In case that “the producer” considers this activity like a “job” and thinks that his product, at some point, will be sold, there is a potential reference to a market. In this case, “the producer” is part of the economically active and employed population. His production has now an economic and social reality and should be quantified based on works by the same producer, or similar works by similar producers. If the work is not sold, it stays as the producer's inventory (or his valuables stock), which should be considered as an independent business person”. (CAB, 2009)

Regarding the activity of marketing of works, the Methodological Manual treats the specialized commerce like a characteristic cultural activity, and its product (the margin trading) like a characteristic product. It includes activities of art galleries through which artists such as sculptors, painters, etc. can sell their production. In general, these activities are not only based on marketing works of art, but also on services similar to those provided by museums. The margin or commissions on artworks sold through auctions and stores specialized in pictures can be treated in a similar way.

2.3 Characterization of the Sector in Uruguay

In Uruguay, as in most countries, the plastic arts market can be classified in primary and secondary market.

Primary Market: This market is formed by the first transaction of the work. The artist can sell his work directly to the public at his studio or *atelier*, or he can use intermediaries, generally gallerists or *marchands*, who approach the work produced by the artist to the final user by exposing it in individual or collective samples, or simply by its exhibition in the galleries that commercialize the work.

As can be appreciated from the interviews, Uruguay is not different from the international reality, and this market is typically managed with high informality, specially in the sales done by the artists themselves. Even with the intervention of gallerists or *merchants*, since there are works with an uncertain antecedent, usually there is not a market from which the price could be taken, which leads to a high level of risk for the buyer.

Secondary Market: It is characterized by selling works that have already been through the primary market. This market covers the higher number of transactions, and the offer is determined generally by the auctioneering houses, besides gallerists and *merchants*⁴. This market, in theory, provides accounting information that could be used as a basis for estimates of the variables of the CSA for Uruguay.

In Uruguay, the primary market consists firstly, of the artists themselves. According to data obtained through special processing of the Continuous Household Survey in the period of 2006-2009, the number of people who state their main income comes from their labour as plastic artist⁵ can be estimated in 796, and freelance photographers in 835.

It should be noted that it is not possible to estimate the filled positions in this sector, like in Audiovisual, Books and Publications or Recorded Music. The high informality and absence of accounting records make the estimation impossible.

According to the data provided by the General Association of Authors of Uruguay (AGADU), there are currently 394 alive artists registered and 56 successions. The gap between both sources is probably due to the lack of knowledge of the artists concerning copyright legislation⁶, besides the important level of informality.

Galleries and *marchands* are the other part of the primary market. Eventhough there is an important number of art galleries both in Montevideo and Punta del Este, the relevant commerce is concentrated in less than ten⁷.

The economic bond between the artist and the gallery varies. There are galleries that mostly acquire works and have artists in “exclusivity”, and others that work basically in consignment.

In matter of auctions, there are four companies⁸ committed to this activity and one of them covers the 70% of the transactions.

⁴ Some authors consider a division of the secondary market, separating the market of gallerists or *marchands*, from the market of the auctioneering houses, which they call third market.

⁵ See job treatment.

⁶ Law 9.739 and amendments by the law 17.616 of 2003.

⁷ Amongst the most important galleries are: Gallery Ciudadela, Gallery Latina, Gallery Sur, Gallery Oscar Prato, Gallery de las Misiones, MVD and Gallery Manzione. Even if it does not fit in the classification of galleries, the Foundation Pablo Atchugarry should be considered as well.

The most significant auctions take place at Punta del Este⁹ and the demand from non-residents is very important. They acquire works and move them abroad or keep them at their own summer residences in Uruguay.

As indicated below, the official record of works of art exports does not reflect the scale of these external sales. This could be due to how easy can works be sent abroad through other channels (mail) or to the fact that according to the law 14.040 it is required to ask for an authorization from the Heritage Commission, which can take from one week to ten days, hampering the formal purchase by tourists¹⁰.

Regarding the volume of formal commercialization in the secondary market, according to the laws mentioned above AGADU retains 3% of the sales value, which is given afterwards to the artists as copyright royalties.

2.4 Definition of the products covered by the sector

It is necessary to identify the characteristic products to be included in a CSA amongst the activities defined above. Following the CAB Manual and according to the CPC2¹¹ there are:

Products belonging to the class 9000:

38961 Paintings, drawings and pastels; original engravings, prints and lithographs; original sculptures and statuary, in any material

96320 Services of authors, composers, sculptors and other artists, except performing artists¹².

62259 Specialized store retail trade services, of miscellaneous consumer goods n.e.c.

⁸ Castells, Bavastro e Hijos, JE Gomensoro, and La sub-hasta.

⁹ As an illustration, in the summer 2011, there was an auction at the Hotel Conrad of Punta del Este for a total of US\$ 315.000, being the most highly valued painting “G-31 Totem Coronado”, by Jorge Paez Vilaró, acquired by an Uruguayan collector in US\$ 55.000.

¹⁰ Although this requirement is only for works from deceased artists, in 2009 just 85 requests were submitted, which included works by Torres García, Gurvich and Cúneo, when according to the interviews the exported art was considerably higher. In 1999, 2000 and 2001, when all the works of art leaving the country (from deceased and alive artists) had to be declared, there were declared 846, 868 and 899 works respectively.

¹¹ Version 2 of the Central Product Classification.

¹² The majority of the products defined within the last category are included in the Performing Arts Sector.

62559 Retail trade services on a fee or contract basis, of miscellaneous consumer goods n.e.c. (wholesale auctioneering houses)

For the purpose of this study, the considered products were 38961, 62259 and 62559.

Products belonging to the class 7420:

83811 Portrait photography services

83812 Advertising and related photography services

83813 Event photography and event videography services

83814 Specialty photography services

83815 Restoration and retouching services of photography

For this study, the considered products were 83811, 83812 and 83813.

3. Estimation methodology

For a better understanding of the sector behaviour, it was decided to present separately the estimations related to the class 7420 Photographic activities.

Given the mentioned particular characteristics of the sector (high level of informality, absence of reliable data), the first task undertaken for the purpose of delineating a methodology which could make possible the estimation of the CSA variables was to interview qualified informers.

The interviews were directed to people operating both in the production and marketing of plastic arts with the purpose of getting to know the main characteristics of the Uruguayan market as well as obtaining relevant quantitative and qualitative information. The selection was done from a list of the main galleries and auctioneering houses in the country.

They were asked about their profit margins, their cost structure, as well as about the market in general.

The estimation methodology of the production and the generation of income accounts as well as employment will now be mentioned.

The estimation of the production account and the generation of income account for the Visual and Plastic Arts sector imply the estimation of the following variables for the corresponding activities:

- GVP- Gross Value of Production
- IC- Intermediate Consumption
- GVA- Gross Value Added
- CE- Compensation of Employees
- T-S- Taxes net of subsidies
- GOS- Gross Operating Surplus
- GMI- Gross Mixed Income¹³

3.1 The production and generation of income accounts for the class 9000 – Creative, arts and entertainment activities

The following is the estimation of the activity included in this area that has as a result the products mentioned above, that is: paintings, drawings and pastels; original engravings, prints and lithographs; original sculptures and statuary, in any material and services of sculptors and other artists.

The Gross Value of Production is the result of multiplying the number of produced and sold works¹⁴ in the period of reference by the price at which artist sell them.

$$\text{GVP} = \text{Q (quantity of produced and sold works)} * \text{P (Price of the produced and sold works)}$$

¹³ The Gross Mixed Income is generated by unincorporated enterprises owned by households. It has a part of compensation and another of surplus.

¹⁴ Eventhough the production of one year is not necessarily sold by the artists in the same period, this research assumes the differences in stocks are relatively constant from one year to another.

This way of estimation is valid for most of the sectors, but is virtually impossible to apply for the Plastic Arts sector in Uruguay. This is due in part to the difficulty of estimating the produced amount. In fact, this estimation would require a record of artists¹⁵ informing the production in the period of reference. There is no such record¹⁶ since there are many people who produce and sell works that do not go through the galleries or auctioneering houses market, making it not possible to directly determine the quantity. Eventhough it has been estimated the number of artists who state their first source of income they work as such¹⁷, it is not possible to access the number of works produced in the period of analysis for each individual of the sample, nor separate the income from selling works from the income from painting or sculpture lessons.

At the same time, it is not possible to establish a “price”, given the fact that each work has its own characteristics and it is not possible to find a certain pattern. An effort was made to categorize artists according to the “average price” of their work from the auctions at which they were sold. However, the findings cannot be considered reliable, besides being extremely partial.

Once discarded the estimation of production through the multiplication of quantity by price, the choice was to estimate the GVP through the Income of the people who stated as their main economic activity the production of works of art. Since they are independent workers, their gross income from the selling of works of art represents the Gross Value of Production.

In terms of the National Accounts:

$$\text{GVP} = Q \text{ works} * P \text{ works} = \text{Gross Income of artists}$$

Therefore, the GVP arises from the addition of artists' income from the selling of their work.

The main source of information to estimate the gross income was the microdata from the Continuous Household Survey done by INE.

¹⁵ No artistic quality assessment of the works is done in this study.

¹⁶ Eventhough AGADU has a record of plastic artists, the research established that not all the artists are included. In addition, institutions like the Sculptors and Painters Association of Uruguay (APEU), do not have valid information neither, since there are non-associated artists and other who do not put their work in the market and therefore should not be considered in the production boundary.

¹⁷ See employment treatment.

The first step was to identify the individuals with income from the activities intended to measure.

It was necessary to refine the categories, since INE uses the International Standard Classification of Occupations (ISCO-88) adapted to Uruguay, which includes:

245 Writers and creative or performing artists

2452 Sculptors, painters and related artists

24521 Sculptor

24522 Artist, painter

24523 Artist, graphic

24524 Draughtsperson, lithographic

24525 Caricaturists

24526 Restorer, picture

24527 Draughtsperson, jewellery and metal craftwork

24528 Modeller

24529 Artist, creative

Even though the estimation was done for the year 2009, the work was done with microdata from the Continuous Household Survey of the period 2006-2009 to increase the reliability of results.

The answer to the following question was considered in order to identify the people occupied in these categories:

1) *“Which tasks do you perform at work that give you higher incomes?”*

The estimated occupation of this sector is 796 people. Regarding the Gross Value of Production, the estimation is done considering the income of the Occupational Category

2452 basically composed by individuals who define themselves like “plastic artists”, “painters” or “sculptors”. Eventhough some people define themselves in the other categories mentioned above, they were not considered and were excluded from the calculations since it was a non-significant number of respondents.

The answers to the following questions were considered due to the fact that the individuals from the sample are independent workers.

- ✓ Income of the independent worker (own businesses):

How much money did you use for your home expenses last month?

How much did you receive in the last 12 months as distribution of profits?

Given the fact that the Continuous Household Survey does not gather income from the independent secondary occupation and since the number of people who stated their other income from this activity is not significant, it was decided to consider only the cases in which the main income was declared.

The resulting value is an estimation of the income from the activities of sculptors, painters and related artists. However, an adjustment needs to be done to this value since according to international sources the sub-catchment of income of the Continuous Household Survey for independent workers is estimated in a 50% (Caño-Guiral, 2006).

Regarding the Intermediate Consumption (IC), it will depend on the destination of the work. The IC “consists of input used in the processes of production which are consumed in the accounting period”¹⁸.

As it will be explained afterwards, the possible destinies for a work are basically: direct sell abroad, sell on their own, collocation of the work in galleries (both selling it or in consignment), and occasionally, when the artist himself sends the work to auction.

As mentioned before, the IC consists of the basic required input for the production of the work, which substantially differs if they are paintings or sculptures. The IC includes canvas or other supports, paint tubes, watercolors, etc., in the case of paintings; and

¹⁸ SNA 1993

wood, metal or stone, amongst others, in the case of sculptures. The frame will be an IC as well for the painter if the sale is not done through galleries. In the last scenario, the frame will be IC of the gallery¹⁹. If the artist sends his work to auction, the commission charged by the auctioneering house will be consider IC for the author.

When the artist sells his work directly abroad, the IC includes the costs incurred in order to make the sample possible outside the country like the airfare, insurance, the cost of mounting the exhibition, etc. However, since these works are sold at high prices, the IC part in the GVP is very insignificant.

In the opposite side, for those artists who sell their works at their own studios²⁰, the IC is significant due to the lower price of these works.

Once determined the IC the Gross Value Added (GVA) is calculated, which in this particular case equals the Gross Mixed Income.

$$\text{GVA} = \text{GVP} - \text{IC} = \text{GMI}$$

Determination of the destination of plastic artists' works

Analyzing the stated incomes of those who defined themselves as plastic artists in the Continuous Household Survey done by INE, it is possible to say that 25% of the artists concentrate 70% of the income generated in this market. This structure has been confirmed by different sources.

The destination decided by the author is different if he belongs to that 25%. Even within this elite group the behavior is diverse. Top priced artists tend to sell their work directly abroad, both through single exhibitions or collective ones held outside the country, through trade fairs, etc. The majority of the works that stay in the country are sold in galleries.

The other 75%, that represents 30% of the income of the self defined plastic artists, sell their production in the local market and practically in a personal way. They do not tend

¹⁹ When the work is given in consignment, is the artist who takes care of the frame, which will be included in his IC.

²⁰ When referring to studios or *ateliers*, it is also included the artist who sells his works at trade fairs, streets, and individual or collective exhibitions held by cultural or government institutions.

to join the galleries circuit, and the sales are done by participating in samples (generally collective ones) organized by cultural or government institutions, individual samples when the artist assumes the costs of it, direct sale at his studio, as well as at craft fairs and tourist spots.

Based on these considerations, the following disaggregation²¹ of the sales has been done:

Table I Composition of the primary destination of the work²²

3.2 *The production and generation of income accounts for the class 4773 - Other retail sale of new goods in specialized stores: activities of commercial art galleries*

The Gross Value of Production of this activity corresponds to the profit margin of the sold works.

In theory it could be estimated adding the said margins for all the galleries in the country that sell in the territory both to residents and non-residents.

The margins of Uruguayan gallerists who purchase works abroad and sell them outside the country will be excluded.

Even though it was not possible to determine the total amount of sales of galleries through surveys, data about sales of the most important galleries and their costs structure was obtained. A global estimation was done based on these data, the assumptions made on table I and the information concerning the market provided by the interviewees.

Considering that the average profit margin of galleries stands at a 40% of the sale price²³, it is possible to determine the Gross Value of Production for the class *Retail sale in commercial art galleries*.

²¹ Based on interviews with different actors in the market.

²² The percentages refer to values and not number of works.

²³ Data provided by the Directors of the interviewed galleries.

The Intermediate Consumption includes the expenditure on goods and services used in the production, data supplied by the galleries that provided information. The resulting structure was applied in the considered universe.

3.3 The production and generation of income accounts for the class 4610 – Auctioneering houses

The Gross Value of Production for this activity consists of the commissions charged as a result of the auction of the considered products. This information as well as the costs structure was obtained from the data supplied by the companies themselves.

The Intermediate Consumption includes the expenditure on goods and services used in the production.

3.4 The production and generation of income accounts for the class 7420 – Photographic activities

In order to estimate the production of the photographic activities, the methodology was similar to the one used for the class 9000. The Continuous Household Survey was the main source to estimate the number of independent photographers and their income.

Regarding the Intermediate Consumption, it was estimated based on interviews with qualified informants for the independent photographers. With regard to the photography shops, forms were sent in order to obtain data related to the market, the costs structure, basic sources to estimate the profit margin, the Compensations of Employees and Intermediate Consumption. The level of answers was low and the results varied. This did not prevent the estimation of the considered variables, but certainly limits the accuracy of the obtained results.

3.5 Estimation of exports and imports

Regarding exports, in the first instance formal exports were estimated²⁴. That was done using the record of the National Customs Authority, identifying the items.

9701100010: Paintings

²⁴ The exports of the class 7420 were not considered.

9703000000: Sculptures

The information related to the type of work in the records is very scarce, although in general it is specified if it was done by deceased or alive authors. The declared amount of export works is not reliable neither.

The data of the National Customs Authority shows that exports in 2009 were approximately for US\$ 285.000. This number does not give a certain idea of the magnitude of the exports, and the research demonstrates that there are works which are sent abroad by artists and galleries without following the corresponding custom formalities.

As mentioned before, it is possible to estimate the volume of sales done by the artists themselves directly abroad. However, there is a significant volume of transactions that take place in the territory having as a counterpart a non-resident. Non-resident is understood in this investigation as tourists or people who have a house in the country but are not considered residents according to the definitions of the System of National Accounts²⁵.

Considering the interviews and data supplied by different involved actors, it is possible to determine the following percentage composition of the transactions that took place within the national territory.

Table II²⁶ Composition of sales within national territory according to the acquirer.

The table above allows estimating the volume of exports, complementing the result from the artists who sell their works directly abroad, totaling, as it will be shown in the results chapter, an amount slightly higher to 6 million dollars.

Regarding the imports, the values considered were those from the National Customs Authority in the following items:

Painting: 9701

Sculpture: 9703

²⁵ A typical case are foreigners who have a house in Punta del Este.

²⁶ Calculated based on values and not number of works.

Even though the existence of non-declared imports is possible, their significance could not be determined.

3.6 *Estimation of employment*

The number of people employed in the sector includes those who work as stable staff in galleries and auctioneering houses, and the artists who act independently.

Regarding the first ones, the universe was estimated based on information obtained directly from some companies.

The income of those who produce the works was estimated from microdata from the Continuous Household Survey. The number of people having their main income originated by selling works can be inferred from this processing. This number cannot be strictly considered as filled positions and therefore it is not comparable to the estimations done for the other sectors considered in the CSA for Uruguay.

4. Obtained results

The following are the obtained results from the estimation of the production and generation of income accounts for the Visual and Plastic Arts Sector, applying the methodology described in the previous section.

4.1 *Market size and composition*

Even though the estimation of the market is not part of the CSA for Uruguay, it is understood that it provides relevant information about a sector scarcely studied from an economic point of view in Uruguay.

Table III Total market of plastic arts in Uruguay. Year 2009

According to the estimation done, in the year 2009 the total market of plastic arts reached US\$ 11.9 million.

It is to be noted that if direct sales abroad are not taken into account, the percentage sold in auctions reaches 55% of the total. Furthermore, if sales done by the artists

themselves, which are not part of the formal commerce, are excluded from calculations, auctioneering houses represent 71% of the formal market.

4.2 *Production and Generation of Income accounts*

As explained before, these accounts start from the estimation of the Gross Value of Production for each one of the activities included in the sector and end with the Gross Operating Surplus in the case of activities performed by established companies. In the case in which these activities are performed by self-employed, the Gross Mixed Income will be obtained, which contains Compensation of Employees and Surplus.

As explained in the previous section, the Gross Value of Production for this sector is comprised by the value of production from artists plus the profit margin of the galleries and auctioneering houses.

It can be noticed that the profit margins, both of galleries and auctioneering houses, represent 20% of the value of production and 13% of the Gross Value Added of the Sector.

In the case of artists, the Gross Mixed Income represents 85% of the Gross Value of Production.

Table IV Composition of Plastic Arts production

In order to enable an international comparison, the production and generation of income accounts are shown in current dollars of the year 2009.

Table V Production and Generation of Income accounts. Year 2009

It can be seen that the Gross Value Added of the sector in the year 2009 reached US\$ 6.2 million.

Table VI Disaggregation by product

Regarding the photographic activities, just like in the activities related to the creation and marketing of paintings and sculptures, the production accounts start from the estimation of the Gross Value of Production for each one of the activities included in the

sector and end with the Gross Operating Surplus in the case of activities performed by established companies. In the case in which these activities are performed by self-employed, the Gross Mixed Income will be obtained, which contains Compensation of Employees and Surplus.

Table VII Production and Generation of Income accounts. Year 2009

The disaggregation by product is shown in the following table:

Table VIII Disaggregation by product

4.3 *Estimation of exports and imports*

Regarding the exports, it is possible to divide the calculations in two dimensions. On one side, the direct sales done by the artists themselves abroad were estimated. As mentioned before, the percentage of artists who sell abroad is small, but significant in volume of sales. These exports were estimated around two and a half million dollars.

As explained in the previous section, transactions within the country with non-residents should be considered as well, since they imply a significant amount.

Considering what was expressed in the methodology, it is possible to disaggregate art work exports in 2009 as follows:

Table IX Total exports according to the offer composition. Year 2009

Given the fact that exports reach US\$ 6.019.397, and that the market totals an amount of US\$ 11.856.437, it is possible to affirm that household consumption reaches, by difference, the amount of US\$ 4.866.716

This result is consistent with the estimations that can be done from the data of the Survey of Household Income and Expenditure done in 2006, which confirms the calculations made both from the offer and the demand.

Regarding the imports, as mentioned before, it was only possible to identify those declared through the correspondent custom formalities. For the year 2009 the amounts were the following ones:

Painting: US\$ 193.150

Sculpture: US\$ 127.476

4.4 *Employment Estimation*

According to the undertaken processing, 796 people state that their main source of income derives from the production of painting and sculpture. This figure corresponds to the average of the four years that were analyzed and matches with the value of the year 2009.

The perception of the consulted informants is that the number of people in this market is significantly lower. However, this research shows that there is an important circle of people who do not commercialize their work in the formal market and is thus “ignored” by the formal channels of commercialization and its actors.

It is to be noticed that 23% of the respondents declare not having income the previous month, from what can be deduced that there is another source of home income.

Regarding the employment in the commercialization chain, the number of employed people can be estimated in 65. This figure includes dependent workers and employers (galleries and auctioneering houses owners).

Concerning the class 7420, photographic activity, the number of independent workers was estimated in 835, and that of dependent ones in approximately 50 people.

In summary, the production and generation of income was estimated separately for Plastic Arts and Photography.

The total market of plastic arts reached US\$ 11.9 million in the year 2009. 25% of the artists are responsible for the 70% of the generated income in the market. The Gross Value Added of the Sector reached US\$ 6.2 million corresponding 87% to the production and 13% to the commercialization.

The exports in the year 2009 were of US\$ 6 million.

The number of people who declare their main source of income as originated from the production of plastic arts is estimated in approximately 800.

As for the photographic activity, it generates a Gross Value Added of US\$ 5.3 million, corresponding 88% to photographers services and the rest to the photography shops.

5. Conclusion

Uruguay already has a Culture Satellite Account, and surely in the short term other countries, specially South American ones, will engage themselves with this process.

The cultural sector needs economic information for the development of cultural policies, but the scarce and scattered statistical baseline data, the absence of statistical culture of the involved agents and even the unawareness of the value chain of certain areas, make it difficult to create a Culture Satellite Account.

The Visual and Plastic Arts sector is one of the most complex sectors, since the primary market (formed by the first transaction of the work) operates with a high level of informality, specially regarding the sales done by the artists themselves.

However, with a systematic methodology like the one showed in this paper, in which the results are obtained considering both offer and demand, it is possible to estimate a peculiar and interesting sector such as the Visual and Plastic Arts.

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Tables

Table I Composition of the primary destination of the work²⁷

Direct sales abroad	42%
Sales to galleries	24%
Sales at their own studio	31%
Sent to auction	3%

Source: own elaboration

Table II²⁸ Composition of sales within national territory according to the acquirer.

Local transactions	Non-residents	Residents
Artists	35%	65%
Galleries	65%	35%
Auctioneering houses	25%	75%

Source: own elaboration

Table III Total market of plastic arts in Uruguay. Year 2009

(In thousands of current dollars)

Direct sales of artists abroad	2.683	23%
Sales/consignment galleries	2.102	18%
Sales to the public at studios, exhibitions, etc.	2.019	17%
Auctions	5.052	43%
TOTAL	11.856	100%

Source: own elaboration

²⁷ The percentages refer to values and not number of works.

²⁸ Calculated based on values and not number of works.

Table IV Composition of Plastic Arts production

	Artists	Galleries	Auctions	TOTAL
GVP	79%	11%	10%	100%
IC	52%	28%	20%	100%
GVA	87%	5%	8%	100%

Source: own elaboration

Table V Production and Generation of Income accounts. Year 2009

(In thousands of current dollars)

	Artists	Galleries	Auctions	TOTAL
GVP	6.389	841	832	8.062
IC	949	513	361	1.823
GVA	5.440	327	470	6.237
CE	0	210	153	363
GMI	5.440	0	0	5.440
GOS	0	117	318	435

Source: own elaboration

Table VI Disaggregation by product

(in thousands of dollars)

38961	Paintings, drawings and pastels; original engravings, prints and lithographs; original sculptures and statuary, in any material	6.389
62259	Specialized store retail trade services, of miscellaneous consumer goods n.e.c.	841
622559	trade services on a fee or contract basis, of miscellaneous consumer goods n.e.c. (wholesale auctioneering houses)	832
		8.062

Source: own elaboration

Table VII Production and Generation of Income accounts. Year 2009

(In thousands of current dollars)

	Photographers	Photography Shops	Total
GVP	6.749	791	7.540
IC	2.025	166	2.191
GVA	4.725	625	5.349
CE	0	325	325
GMI	4.725	0	4.725
GOS	0	299	299

Source: own elaboration

Table VIII Disaggregation by product

(in thousands of dollars)

83813	Event photography and event videography services	6.114
83811	Portrait photography services	237
83812	Advertising and related photography services	1.189
		7.540

Source: own elaboration

Table IX Total exports according to the offer composition. Year 2009

(In thousands of current dollars)

	US\$
Directly by artists	3.390
Galleries	1.366
Auctions	1.263
TOTAL	6.019

Source: own elaboration