



PERCEPTIONS,
PARTNERSHIP,
PRAGMATISM

A ROADMAP FOR THE UK'S ART MARKET



TABLE OF CONTENT

- Foreword	03
- Introduction	04
- Step 1: Nurture the ecosystem	05
- Step 2: Recognise the economic contribution of the arts	06
- Step 3: Fill the leadership vacuum	07
- Step 4: Ease processes and incentivise	08
- Specific Recommendations	09

FOREWORD

The art market is seeking change, to better communicate what is unique about the UK's cultural ecosystem and to ensure its ongoing positioning on the global stage.

To best navigate the future, we held a survey of delegates due to attend London's 2023 Art Business Conference. This was followed by a panel at the event, headed by the Financial Times Columnist, Melanie Gerlis and including Nicholas Cullinan [National Portrait Gallery], François Chantala (Thomas Dane Gallery), Melanie Clore (Clore Wyndham Fine Art) and Lady Alison Deighton (collector).

If the art world is all too often misconstrued as an elite occupation, the opportunities, challenges and solutions outlined by our findings instead demonstrate a resilient and powerful trade, keen to continue 'punching above its weight' and to work with government and broader society, to contribute to the UK's broader economic health.

PAUL HEWITT

Director General, The Society of London Art Dealers

"I think what we need to recapture and recover is that sense of excitement, of possibility and ingenuity. The [London market] often punches above its weight and this momentum hasn't been lost...just a bit dented."

NICHOLAS CULLINAN
[DIRECTOR, NATIONAL PORTRAIT GALLERY]

INTRODUCTION: HOW CAN THE UK ART MARKET STAY AHEAD?

In 2022, the UK overtook China in the art market stakes, moving into second place in the global ranking, behind the US. Unsurprising then, that UK dealers contributed over £5.5 billion to the UK economy in the same year.

Yet, members of The Society of London Art Dealers relayed concerns that these facts were not acknowledged by wider society. With more than 78% of members also reporting concerns over legislative shifts, specifically the administrative burden of Anti-Money Laundering Regulation [AML], the prospect of government not truly engaging with the sector's needs, was also apparent.

To better understand the breadth and scale of the art market's perspective on its current health and views on how it could best move forward, The Society of London Art Dealers teamed up with The Art Business Conference to consider how the UK art market could stay ahead.

The process began with an email survey to delegates, asking:

- How delegates felt about prospects for the UK art market over the next 12 months
- What delegates felt were the main strengths of the UK art market
- What delegates felt were the main challenges facing the UK art market that, collectively, the art trade should address
- If delegates were to ask the UK government one thing, what would it be?
- What the biggest (professional) issue was that kept delegates up at night

The results demonstrated a blend of positivity (53% of participants felt positive about the next 12 months) and frustration, over the administrative burden which was felt to be accumulating from post-Brexit and Anti-Money laundering developments. There was also strong concern that negative perceptions were preventing more effective collaboration between the market and the wider ecosystem, including art institutions and public galleries.

With these indicative findings, we assembled a panel of industry experts to explore how concerns could be transformed into a roadmap for the trade's future. This report hopes to offer an overview of the subsequent discussion and suggest next steps in ensuring the UK art market can truly stay ahead.

STEP 1: NURTURE THE ECOSYSTEM

Our offer is unique and connected:

Frieze week in London was noted as a strong encapsulation of the UK's art ecosystem, with its breadth of cross-programming across galleries, auctions, artists, museums and students.

Narrative around geographical divides is limiting:

Paris versus London, London versus the rest of the UK. There was consensus that considering the market's future through such polarities was more misleading than constructive.

Artists need to be prioritised:

In a complex ecosystem set upon an even more complex socioeconomic stage, it can be all too easy to forget the artists driving innovation at the heart of this trade

Cuts to education have stunted development:

Cuts across art education are having a real impact on the UK market's ability to maintain its position of strength.

“The UK has a world leading ecosystem; we are the envy of the world. Let's not be complacent about it. And let's do all that we can to try and consolidate that leadership position and not take it for granted,”

PAUL HEWITT [THE SOCIETY OF LONDON ART DEALERS]

STEP 2: RECOGNISE THE ECONOMIC CONTRIBUTION OF THE ARTS

The economic power of art is still underestimated:

The art market's UK fiscal contribution reached over £1.3 billion in 2019, with substantial adjoining contributions to ancillary services and employment. Its soft power is also overlooked, unlike comparable industries, such as fashion and film.

Misconceptions need addressing:

Perceptions of the sector being 'elite' reduce the degree of support coming forward. Similarly, there are concerns that countries are treating the UK trade differently, because of Brexit.

"The UK art trade sells £9 billion.... Premier football, £5.5 billion. So, we're almost double the market size of football. It's about time we were taken more seriously as a business,"

MELANIE CLORE (CLORE WYNDHAM FINE ART)

STEP 3: FILL THE LEADERSHIP VACUUM

There is lack of clarity over which government department oversees the art trade:

For example, whilst some areas of the market appear to be the domain of the Department of Culture, Media and Sport, others are dealt with by the Department of Business of Trade.

The UK art trade needs greater profile on the world stage, with backing from senior political figures.

“The business of art is an extremely important business in this country. And I don't feel that we have the ear of government.”

FRANÇOIS CHANTALA [THOMAS DANE GALLERY]

STEP 4: EASE PROCESSES AND INCENTIVISE

We need to incentivise good will:

The UK is not short of philanthropists, indeed a 2022 estimate suggested more than £20 billion of public voluntary funds went to charities annually. But this is reliant upon goodwill, with relatively few incentives offered by the UK government and the civil service reportedly lacking the resource and skill required to drive policy and opportunities in this field. With increasing need for philanthropy and acknowledgement of the weakening of public funds for art, panellists were also concerned that both public and private galleries and institutions were relying on a finite set of supporters and resources.

Brexit had unintended consequences on the art trade:

Including raised costs and administration required to move art works across borders (noting also that there are no import taxes on art in New York and Hong Kong).

The burden of Anti-Money Laundering Regulations is disproportionate:

This concern, particularly for smaller businesses, topped the challenges identified by survey participants, whilst a broader reflection that Government policies impede (rather than support) art business, topped the professional issues keeping delegates awake at night.

“It's a credit to the UK that there is so much philanthropy without any reciprocal benefit. But I'm not sure when that need grows and grows and grows, that we don't need to be creative with how we support philanthropy through incentives,”

LADY ALISON DEIGHTON [COLLECTOR]

SPECIFIC RECOMMENDATIONS

- **Raise the profile and scale of support for the sector.** Ensure government demonstrates its commitment to the trade through, for example, a physical presence at events, meaningful consultation and alleviation of red tape.
- **Simplify the conditions of Temporary Admission (TA) and revisit the rate of import VAT.**
- **Increase the threshold of Anti-Money Laundering regulations (AMLR)** to over £30,000 for client due diligence on works of art.
- **Explore a wider set of incentives and tax breaks** for philanthropists supporting culture.
- **Keep artists at the forefront when considering options,** including tax breaks and prioritisation of education.

“I think the idea that the art world is decadent or that the arts are a luxury is false. Tourists don't come to London or the UK for maths, they come through the creative industries, which is what we excel at,”

NICHOLAS CULLINAN [DIRECTOR, NATIONAL PORTRAIT GALLERY]



**PERCEPTIONS,
PARTNERSHIP,
PRAGMATISM**