

Ana Letícia Fialho<sup>1</sup>

### **Art, a sustainable business**

THE CONTEMPORARY ART MARKET IN BRAZIL IS CURRENTLY EXPERIENCING A UNIQUE AND EXTREMELY POSITIVE MOMENT, ONE OF MATURITY AND EXPANSION. IN THE LAST TWO YEARS, THE VOLUME OF BUSINESS DONE BY CONTEMPORARY ART GALLERIES GREW BY AN AVERAGE OF 44%, WELL ABOVE MANY OTHER SECTORS OF THE ECONOMY. In this context, the need to survey the sector has emerged, resulting in the realization of a new study that aims to understand the profile, size, degree of professionalization and internationalization of the galleries in the primary market. Commissioned by the Brazilian Association of Contemporary Art (ABACT) and the integrated sectorial program ABACT-APEX-Brasil, the study, which should be expanded and conducted annually, examines, in its first stage 32 contemporary art galleries and features new statistics, indicates trends and begins to shed light on a sector which was once believed to be operate in a less-than transparent, often informal manner, never revealing the secrets of its trade.

This study considers the primary contemporary art market- in other words, galleries that represent active contemporary artists. The work of representation involves more than just selling works of art. The economic value, established by the market, is constructed from a symbolic value determined by other influences in the art world, such as institutions and critics. The work of the galleries consists in fomenting the symbolic and economic value of the artists they represent.

The average number of people regularly employed by each gallery is 7.75 and those who are officially registered represent the majority- the average being 5.22. This indicates a strong formalization in the sector regarding employment, contrary to the tendency toward

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<sup>1</sup> A lawyer, cultural management professional and researcher, holding a doctorate in Art Sociology from the École des Hautes Etudes em Sciences Sociales/Paris and a masters degree in Management and Development of Cultural Projects from the University of Lyon II, she is currently a consultant in commercial intelligence and research coordinator for the ABACT-APEX-Brazil Integrated Sectorial Program of Contemporary Art.

precariousness in relation to work seen in other sectors of culture. In addition to the galleries' permanent staffs, they count on a wide range of collaborators and service providers. At the center of this chain are the artists themselves. Each gallery represents between 12 and 39 artists, depending on its structure. The average is 24 artists per gallery and the entire field is comprised of about 800 people, including artists with highly established careers and those who are just starting out. The average percentage of new artists, who are entering the market for the first time is 23.6%. This statistic reflects the capacity of galleries to introduce new talents, something which involves a certain risk, but remains fundamental in the renovation and expansion of the market.

Another statistic that is worth emphasizing is the high level of internationalization of the artists, measured in this study by presence in both public and private international collections and representation by foreign galleries. Around 48% of the artists represented by Brazilian galleries have work in international collections and around 18% are also represented by foreign galleries. Unfortunately, Brazilian institutions do not keep up with this movement, lagging behind completely when it comes to contemporary production. A shortage of resources is unlikely to be the only problem, since, in the current market scenario, the average price of the cheapest works is R\$ 1100 and the most expensive ones have an average price of R\$ 540,000. It is clear then that, aside from resources, institutional collections are also in need of clear and coherent curatorial guidance. This would explain why contemporary Brazilian production is better represented by private collections in Brazil and private and institutional collections abroad than by Brazilian institutions.

It's important to understand that this configuration is extremely recent and part of a broader international context. It was in the 1990s that agents from the arts systems of the U.S. and Europe came to search "peripheral" regions for a "controlled renovation of offer," sparking an expansion of the international map of the arts. Only at the end of the first decade of the 21<sup>st</sup> century did we observe the true beginning of a decentralization and multiplication of circuits of legitimization and a revision of the 'international history' of modern and contemporary art.

### *Internationalization of the market*

The level of internationalization of a gallery should not be gauged solely based on its volume of sales in the international market, but instead by taking into account its capacity for articulation and

circulation, recognition and visibility in the international realm. Over 50% of the galleries surveyed in this study are in some fashion internationalized and 34% of them have a significant and consistent presence in the international market.

Eight-one percent of galleries acknowledge that they financially and logistically support the participation of their artists in international exhibitions. Thirty-seven percent of the galleries maintain partnerships with foreign galleries and almost 70% acknowledge that they have foreign customers. The galleries also state that most of their international customers are from the U.S., Europe and Latin America, and some also have customers in Asia and the Middle East. Fairs are listed as the main setting for attracting these collectors.

The fairs in Brazil are responsible for 29% of the annual volume of sales by galleries on average, with a variation between 10 and 60%. For the galleries that operate in the international market, international fairs are the main platform for sales: 95% of exports are negotiated during these events. Despite the high costs and restricted access, the participation of Brazilian galleries in international fairs grew over the last two years- a fact that is positively reflected in the volume of exports, which grew by approximately 40% from 2010 to 2011 (data from APEX-Brasil, in reference to the galleries surveyed).

But it's the business generated in Brazil that has most fueled the sector's growth. The Brazilian economy was largely untouched by the international crisis, thus heating up the art market. A conservative estimate is that the art galleries surveyed take in around US\$ 100 million annually. Behind this growth are private Brazilian collectors, who are investing more and growing in numbers. They account for about 66% of sales, while Brazilian institutions represent just 8%.

This dynamic has been catching the attention of highly competitive and professionalized agents in the international market, from such renowned institutions as MoMA and the Tate Modern, where Brazilian collectors are invited to take part in (and finance) acquisition committees; as well as other international museums, which are looking more and more to Brazil for the resources to realize their exhibition projects. This scenario presents challenges and opportunities. To address them, private sector initiatives, like those led by ABACT, aimed at the expansion, professionalization and internationalization of the galleries are important, but they aren't enough. They must be combined with public policies aimed at the professionalization of all aspects of the arts system.

Only an organized and internally strengthened art system which is aware of its weaknesses and qualities will be able to position, expand and internationalize itself in a sustainable manner and become less vulnerable to economic instabilities both domestic and international in nature.