

▶ XLNC ARTS & MEDIA FOCUS GROUP

WANTED: Lawyers

■ By Dr Alessandro Stradi

"Seeing something again is an important aspect of art. You don't ever see all at one time. You could see it indefinitely, and there would always be something you haven't seen, because art is a product of the intuitive – the most powerful instrument within us. The intuitive is the most accurate sense we have." – Louis I. Kahn, Architect

Since the beginning, when this journey started, we have put "ART" at the centre of the project, well knowing how artists respond to and participate in the intellectual, social, and cultural contexts of their time. Art and economics have always been in constant connection; the birth of modernism and modern art can be traced to the Industrial Revolution, a period of rapid changes in manufacturing, transportation, and technology, profoundly affecting the social, economic, and cultural conditions of life.

The same happened later and will happen again, due to the current economic crisis. Now that the Art & Media Focus Group has been established, despite the global pandemic that prevented us from planning a meeting in person this spring, the aim is to accompany changes in the economy and art, moving from team-building to team-bonding, enhancing professional and social relations, and defining roles within the Group – a way of doing economics, of practicing consultancy, paying attention to economic and social changes, with a look at the world as a whole.

The new scenario invites us to change, taking inspiration from art, creating



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a dialogue between the established and the experimental, the past and the present, making connections and understanding the issues and ideas that shape our world. Our Focus Group, which brought together mainly accountants (and is now looking for lawyers), has the objective of bringing together like-minded and business-oriented professionals, close to the protection of the family heritage but also open to the capital market.

The analysis of the modern art market shows how large capitals are increasingly attracted to investments in the world of art, as a possible alternative to other types of investment: a phenomenon not unlike that of precious metals and cryptocurrencies.

Diversification in investments requires legal, tax, and accounting skills. In addition, professional activity requires a great attention to compliance issues, from the AML to the CRS, up to the FATCA provision of the US government; not to mention indirect taxes, from VAT to customs duties. For this reason, the team naturally built itself between the large markets and economies of the world, in compliance with and through knowledge of national

regulations. The USA, Europe, and the Far East have always been the territories of greatest vocation for investments in the art market.

Continental Europe, the "old Continent", is today one of the purchasing territories; the USA and the Far East countries are the main buyers. Switzerland and the city of London, historic commercial and financial centres, still firmly at the helm of the art market, would deserve a particular discussion in a group in which the old states and emerging economies can dialogue and grow together.

The group's goal is therefore to consolidate an international professional network for the benefit and service of buyers and sellers.

Having a look at the trends, in 2019, global sales of art and antiques

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reached an estimated USD 64.1 billion. The three major art hubs, the US, the UK, and China, continued to account for a majority of the value of global sales. The US was the largest market worldwide and accounted for 44% of global sales by value. After two years of resilient growth, given the country's turmoil with the rollout of Brexit, the UK market declined by 9% in 2019. In China, it fell by 10% in 2019 to reach USD 12 billion, a second year of declining sales and accounting for 18% of the global market (*Source: Art Market 2020*).

Now it is essential for our Focus Group to grow, increase our international presence, improve skills and knowledge, and allow individual professional firms

to become national references in the field of professional assistance in the art market.

Art needs professional services, being the markets with the largest and most complex distribution levels: dealers, fairs, auctions, online commerce – each segment requires professional, legal, labour law, tax knowledge, and much more. It is also a sector that hires and invests. It is estimated that there were approximately 310,000 businesses operating in the global art and antiques market, employing about 3 million people, and relatively stable. There were more than 2.7 million people employed worldwide in the gallery and dealer sector, and over 50% were under 40 years of age. The auction sector was estimated

to have employed about 280,000 people worldwide. It is also estimated that the global art trade spent USD 20 billion on a range of ancillary and external support services directly linked to their businesses.

Safe haven, investment asset, and working capital are just some of the functions performed by the masterpiece.

The XLNC Art & Media Focus Group is a blank canvas, ready to draw the first line...

If you are an XLNC member interested in joining this Focus Group, please email us at info@xlnc.org. You can see the list of all current Focus Group members on xlnc.org/focus-groups/12-art-media.