THE CULTURAL AND CREATIVE INDUSTRIES IN EUROPE

ENTREPRENEURIAL ASSETS AND CAPACITIES NEED MORE SUPPORT

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EXECUTIVE SUMMARY

THE CULTURAL AND CREATIVE INDUSTRIES IN EUROPE

ENTREPRENEURIAL ASSETS AND CAPACITIES NEED MORE SUPPORT
The Cultural and Creative Industries have steadily acquired relevance in recent years – more so than any other business sector – for the competitiveness of the European economy as a whole. They are already a leading sector for economic growth and job creation, even when their full potential is far from reached. The CCI boast €558 billion in value added to GDP (4.4% of total EU GDP) and hold 8.3 million full time equivalent jobs (3.8% of total EU workforce)\(^1\).

Moreover, the role of cultural and creative spillovers as cross-sectorial innovation motors is widely acknowledged as a stimulant in society and the wider economy. The CCI are also profoundly affected by digitization: it enables for a huge new range of possibilities whilst simultaneously bringing about challenging risks for business models. The current moment, when the necessity for managing the ramifications of the digital shift is on everyone’s agenda, will prove to be a pivotal point for the Creative and Cultural Industries to release its “untapped potential for boosting economic growth and job creation”\(^2\).

**We believe in Europe, we believe in the driving power of innovation and we believe in the key role for the CCI’s in both.**

By improving our supporting infrastructure, we shall provide vital assets and capacities for the cultural and creative entrepreneurs.

In order to maximise the contribution of the cultural and creative entrepreneur to the economy and society, to prevent a performance gap between rising expectations and deteriorating frameworks and to efficiently apply the output of cultural and creative entrepreneurs to face the challenges of the 21st century, the European Creative Business Network calls upon the European Union for:

- **A comprehensive strategy of the European Union as a whole, engulfing all federal levels of policies and aiming at transversal and holistic strategies across all sectors to drive growth and employment within the cultural and creative industries as much as its transformative spillover effects on the wider economy.**

- Actions of a fully integrated, silo-breaking workplan 2016-2017 particularly improving the following three fields:
  - Investment Plan for Europe – 1% Rule for Cultural and Creative Spillover\(^3\) Effects
  - Cultural and Creative Hubs and Institutions – The 50 Million Investment Fund
  - Digital Capacity Building – The 5% Rule\(^4\)

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1: TERA/Forum D’Avignon, 2014  
2: EU Commissioner Tibor Navracsics, 12th of March 2015, Riga.  
3: See article 3.1  
4: See article 3.3
1.

TODAY’S NECESSITY TO SUPPORT THE CULTURAL AND CREATIVE INDUSTRIES
In recent years the Cultural and Creative Industries have steadily gained significance, more so than any other business sectors. By themselves, through their spillovers, and through their power to increase the attraction of cities and regions for other companies these industries are now acknowledged as a key driver for growth and innovation increasing the competitiveness of the European economy. They lead in economic growth in Europe, boasting €558 billion in value added to GDP (4.4% of total EU GDP) and approx. 8.3 million full time equivalent jobs (3.8% of total EU workforce) according to the 2014 TERA / Forum d’Avignon Study.

Furthermore and in a global context, the European Cultural and Creative Industries are crucial in defining Europe’s unique position, cultural identity and economic structure. Through the CCI’s highly diverse and interlinked creative output, the industries strengthen the Union’s global appeal and role as a driver of socioeconomic change. All these assets should of course be built upon.

Currently the digital shift which profoundly affects the CCI’s puts the industry at a pivotal point. Measures must be put in place to manage the ramifications of the rapid onset of digitization: growth must be supported, whilst risks of significant value such as the associated destruction and noticeable decrease in employment found in France, Germany, Italy, Spain, and the UK must be mitigated. The Digital Challenge is rightfully taken up by the EU in 2015, and the Latvian EU-Presidency 2015 put this issue in their plans when adopting its headline:

"Europe must make active use of its cultural and creative forces."

The European Creative Business Network (ECBN):

1. sees the Cultural and Creative Sectors at a pivotal crossroad, due to the speed of the digital shift, and policy should consistently support the sector to thrive accessing “untapped potential in the cultural and creative sectors for boosting economic growth and job creation.”

2. aims to support the European Union institutions and programs in this venture we put forward the following policy proposals which derive from the needs of entrepreneurs and key stakeholders in Europe’s CCI, as well as the experience of leading funding agencies and intermediaries for cultural and creative industries on national, regional and local level.

⁵: EU Commissioner Tibor Navracsics, 12th of March 2015, Riga.
2.

STEPS TO FURTHER BUILD A MORE EFFICIENT AND CULTURAL EUROPE
From the very beginning, The European Commission of President Juncker and the current European Parliament have recognized the potential and current threats of the Cultural and Creative Industries. DG Connect, DG Growth and DG Education and Culture have begun to coordinate their work more closely, developing further integrated strategies and the newly founded European Parliament Intergroup for Cultural and Creative Industries is an important step in policy making which already accounts for some initial success in promoting the Cultural and Creative sectors.

ECBN welcomes the new awareness of emergency and priority as well as the need for new integrated forms of policy making within the European Commission and the European Parliament. We believe that the Work Plan for Culture 2015 - 2018 (as of Council Meeting on 25 November 2014) is an important and effective start which can still be developed further. It must be taken beyond single policy debates on intellectual property rights, digitalization or internationalization and become a program with an integrated approach:

"Member states agreed that the transversal dimension of culture fitted well with the cross-sectorial approach of the Europe 2020 strategy and could therefore reinforce the effectiveness of the whole strategy, provided that an integrated approach was adopted at all levels."  

Otherwise ECBN fears that the currently rising expectations towards cultural and creative sectors to support innovation in other sectors of the wider economy and society cannot be fulfilled.

Convinced that this is the best way to address this performance gap the European Creative Business Network:

- supports EU Commissioner Tibor Navracsics’ call for “breaking the silos and strengthening connections between culture and industrial policy for example, but also education, tourism or urban and regional development.”
- supports EU Commissioner Günther Oettinger’s focus on cultural and creative industries to “Strengthen Europe’s position as provider of creative products and services based on individual and business creativity.”

And calls for a comprehensive strategy of the European Union as a whole engulfing all levels of federal policies and aiming at transversal, lateral and holistic strategies across all sectors driving and driven by the Cultural and Creative Industries.

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6: 3349th Council Meeting of Education, Youth, Culture and Sport, 25 November
The CCI’s potential as a driver of growth and innovation – especially regarding its spillover effects to other sectors and regions – must be fostered and tapped strategically. The creative output is provided by the wide diversity of its stakeholders, spanning from the cultural freelance, creative entrepreneurs to public companies or institutions such as libraries or museums. It is this rich history in diversity that has grown to become the basis for Europe’s unique strength and unique selling point in the global competition today.

A future European strategy for Cultural and Creative Industries must not limit itself as a sectorial focused approach. Further seen as a lateral scheme across all sectors and their value chains; in order to fully utilize the complete potential of Creative Industries for growth and employment in Europe. This consideration of Creative Industries concerns foremost the service industries, but also the structural change for European manufacturing business sectors. The experiences and changes the Creative Industries, especially Music and Film have had to undergo because of the digital shift, will be a benefit to implementing a Digital Single Market in Europe.

Such implementations depend on a variety of funding and support tools. Such as innovation, economic, cultural and regional policies. Crucial elements for successful policies are for example, the support of networks, clusters and sustainable market structures, the methods of financing and funding, the anticipatory developments of key actions and the improvement of practical vocational training and tertiary education. They all must aim cross-sectorially to enable and enhance the innovative potentials within but not limited to creative industries.

**ECBN calls for a Fully Integrated Work Plan 2016 - 2020 for the Entrepreneurial Assets and Competitiveness of the CCI’s.** This Work Plan should have the capacity to integrate the diverse policy tools such as:

- Cross-sectorial strand of the Creative Europe program;
- Sector skills alliances and knowledge alliances in Erasmus +;
- SMEs and IT innovation strands in Horizon 2020;
- Business support actions within COSME, including the Enterprise Europe Network;
- EU Cohesion Fund, the EU Fund for Regional Development and the EU Social Fund.

And promote the three following aims:

- Improve assets and capacities of cultural and creative entrepreneurs (for example: in content production, quality, management, digital resilience) in synergy with existing arts and cultural institutions that act as intermediaries between businesses, artists, scientists and citizens.
- Improve innovation transfer (spillover) of Cultural and Creative Entrepreneurs into the wider economy, especially the next generation of infrastructures in the 21st century.
- Improve the understanding of the contributions of CCI, especially their qualitative and quantitative share to innovation and growth which is far from being accepted.
3.

A NEW ACTION FRAMEWORK FOR
A SUSTAINABLE AND LONG-TERM VISION
The European Creative Business Network suggests three fields of actions for integrated strategies to implement the above outlined aims of capacity building, innovation transfer and understanding/promotion.

Field 1: Cultural and Creative Innovation in the Investment Plan in Europe
Field 2: Cultural and Creative Hubs in Europe
Field 3: Digital Capacities for Entrepreneurial Success

1. Cultural and Creative Innovation in the Investment Plan in Europe

ECBN calls for a structure supporting Innovation Transfer from the Cultural and Creative Sectors towards Infrastructure Investments. Creative Know-How can stimulate real innovation in infrastructural works such as schools or power plants, by unleashing creativity in areas such as service design, smart infrastructure (Smart Homes), architecture, design, energy reduction, construction costs.

The European Union should further extend its position as a world class role model, pioneering in such know-how transfer structures, breaking sectorial silos nationally, regionally and locally. ECBN also calls for a Creative Industries advisory subgroup to the Investment Task Force of the Investment Plan for Europe.

ECBN envisions that 1% of the 300 Billion Euro Investment Plan should be targeted towards innovative transfer (spillover) effects of CCI on infrastructural projects, in all implementation phases starting with existing projects, and following with new ones.
Output and innovation from the Cultural and Creative Sectors have been based on cross-sectorial inspiration for centuries. Today, this happens at hubs that provide clustering benefits, cross fertilization and economies of scale in the digital know-how economy. Currently, hubs are also steadily increasing its draw out of cultural organizations, multiplying innovation.

CCI’s Hubs, as much a result as a driver of the knowledge based economy, must be properly appraised and understood as the innovations drivers that they are. They must be acknowledged in the framework of a wider understanding of innovation and social change.

The success of these Cultural and Creative hubs and their ecology also relies on the interdependence of its diverse stakeholders. From artists, creative businesses (design, fashion, etc.) to museums and arts institutions which have always acted as breeding grounds for Cultural and Creative production or content creation. Investments in CCI’s Hubs must take into account the full range of stakeholders in these spatial and intellectual ecologies.

Newest studies by ECBN’s members further prove the Hubs’ infrastructural importance for the Cultural and Creative production in the digital age. ECBN calls on the EU Commission for an Investment Plan dedicating 50 million Euros in 2016 - 2020 in the Future of Cultural and Creative Hubs, Centres and Factories in the fields of management, innovation and content capacities.

Integrating this support for hubs into the wider policies for innovation are – beyond any direct monetary actions – also indirect stimulations of innovations through promoting innovation-based services with the wider economy. This should be reflected in the calls of Horizon 2020 and COSME. Also these calls must in the future explicitly name the connection to funding creative industries and creative hubs. Moreover, the results and agenda generated by the European Creative Industries Alliance must be transformed into an action orientated follow up within the funding period 2014 - 2020. The EU is instrumental in getting hubs ready for international growth -not only focused on regional and national importance- and thus help to develop cultural diversity as well as production.

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7: British Council, United Kingdom; ADDICT, Portugal; Forum D’Avignon, France. ECBN, Netherlands.
3. Digital Capacities for Entrepreneurial Success

The Cultural and Creative Industries, which by their very nature are always at the front of the newest technologies and changes, are leading at exploiting and adapting to the digital shift. Given this experience CCI are the frontrunners and drivers of the digital shift in value chains and industrial production: “Industry 4.0”.

The Digital Shift is changing Markets and Business Models in all sectors. It affects the Cultural and Creative sectors as “content providers” for the ICT industries. While the ICT industries are investing and inventing new digital tools, the CCI’s sectors need to massively adopt and use them. Investments in digital projects are too often reduced to both a belief that creative use is not core business and put a heavy pressure on existing business models. Furthermore, the potentials for growth for SMEs in CCI’s sectors are often untapped as they do not yet effectively make use digital tools such as Big Data or Open Data.

ECBN calls for a Digital Capacity Building Program for Cultural and Creative entrepreneurs. Specifically, the European Union could enable the nations to provide tax breaks for CCI’s entrepreneurs when investing in digital infrastructure. These tax breaks would enable them to set up their production line for “content” – the costs for car factories can be fully tax deducted! – and could be limited to three years in total to an amount of 5% of the turnover of the Cultural and Creative Industries in each nation.

We believe in Europe. We believe in the power of culture, and we desire real improvements for a new generation of Cultural and Creative Entrepreneurs. We call for improvement of the existing infrastructures in these three dimensions:

- Innovation Transfer – The 1% Rule for Investment Plan for Europe
- Hub Frameworks – The 50 Million Euro Investment Fund
- Digital Capacity – The 5% Rule

We shall improve the assets and capacities of Cultural and Creative Entrepreneurs and plan for the future, beyond the year 2020.
The European Creative Business Network (ECBN) is a unique not for profit members foundation which promotes the interests of the cultural and creative industries in Europe since 2011. We represent an alliance of our industry defining members, currently spanning 12 EU countries and growing. Our members and backers include leading national agencies, hubs and intermediaries for the cultural and creative industries on local, regional and/or national level.