

Foreword

This Study on the economy of culture in Europe was prepared for the European Commission (Directorate-General for Education and Culture). It is a first for Europe. Never before has there been an attempt to assess the economic and social value of the cultural and creative sectors. The report is intended to help the EU harness the economic and social power of the cultural and creative sectors.

The assignment lasted 10 months between November 2005 and September 2006. It was managed by KEA European Affairs (KEA), a Brussels based consultancy which specialises in the cultural, media and entertainment industries sectors. Its research department is experienced in conducting a wide range of studies related to copyright, rights management, trade in cultural goods, regulatory impact assessment and Europe wide comparative analysis.

For this assignment KEA set up and managed a consortium composed of Media Group and MKW Wirtschaftsforschung GmbH.

Media Group is part of the Turku School of Economic and Business Administration in Finland. It specialises in media business and economics, conducting research on a wide range of topics.

MKW Wirtschaftsforschung GmbH is a German consultancy based in Munich with subsidiaries in Sarrebruck and Innsbruck. Their research and consulting focus lies in the field of labour market and employment policy, labour mobility and migration as well as regional economics. MKW Wirtschaftsforschung GmbH is an external expert for the DG of Employment and Social Affairs of the European Commission for the Evaluation Working group of EURES.

Media Group's main task was to advise on the definition and implementation concerning the methodology used to collect statistical data enabling the economic assessment of the cultural & creative sector. Media Group worked mainly on a combination of Eurostat information and data from the Amadeus database. It provided the analysis of the results obtained from this data collection covering 30 European countries and gathered evidence of performances in other industry sectors as well.

The task of MKW Wirtschaftsforschung GmbH was to determine a method that would enable to assess the impact of the culture & creative sector at the employment level. It collected data in relation to employment mainly from Eurostat databases, provided elements of analysis and completed some case studies in relation to tourism, employment and education.

KEA responsibilities included managing the research, defining the analytical framework of the study, defining the scope of the economic and social assessment (Chapter II), completing the sector profiles (Annex 1), carrying out the research in relation to local development (Chapter IV) and policy strategy (Chapter V), preparing the bibliography, managing the contacts with trade bodies and ministries for information gathering, as well as the relationship with the European Commission and the coordination with the members of the consortium, and finally drafting the study.

Trade organisations, industry experts, public bodies and artists that were consulted in the framework of this study are listed in Annex 10. We would like to thank them for their interest, input and encouragements throughout this assignment. A “working session” was organised at the initiative of the European Commission on 19 July 2006 in Brussels with a view to completing stakeholders’ consultation (the list of attendees is available in Annex 11).

National Culture Ministries in the 30 countries surveyed were all formally contacted – a few of them informally (list available in Annex 9). KEA had the opportunity to present its work at the interim stage to ministerial delegations at the CAC (Cultural Affairs Committee) meeting held on April 5-7 in Rust, Austria.

Representatives of international Organisations (such as OECD, WIPO, UNCTAD, UNESCO, Council of Europe) as well as academic experts in the field of the economy of culture were also consulted in the course of the assignment. We also made use of their numerous written contributions and we thank them for providing us with such valuable input.

Finally we would like to thank the European Council and Commission for taking the initiative of this study which, for the first time, will provide an assessment of the economic and social value of the cultural & creative sector in Europe.

Introduction

This study considers the contribution of the creative & cultural sector to European growth and cohesion.

In 2004 the European Council identified the need to map this sector in the context of Lisbon when it foresaw a study on *“the ways in which creativity, creative industries, and public-private partnerships in the cultural sector already contribute to European economic, social and cultural potential and thereby to the achievement of Lisbon targets”*¹.

The Commission’s Terms of Reference confirmed that the objective of this study is to *“allow the European Commission to better understand how the cultural sector can contribute to achieving the Lisbon Strategy targets and thus provide a response to the request from the Council of European Union in the plan of work included in its conclusions of 15 and 16 November 2004”*².

In particular, the study is expected to:

- Refine the definition of the “cultural sector”
- Submit an analysis giving an overview of the cultural sector in Europe from a socio-economic standpoint
- Back-up this analysis with statistical data and case studies
- Analyse the development prospects of the cultural sector in Europe in socio-economic terms against a background of globalisation and relentless spread of new information technology
- Analyse how the cultural sector contributes to the economic and social potential of Europe and thus to the attainment of the Lisbon targets.

Culture is an integral part of the European project. The EC Treaty enshrines the EC’s cultural action around the following principles:

- Bringing Europe’s common cultural heritage to the fore while respecting the national and regional diversity of the Member States
- Encouraging co-operation between Member States and supporting their action in this field
- Fostering cooperation with third countries and with relevant international organisations
- Taking into account the cultural dimension of all the actions the EC carries out under all the provisions of the EC Treaty.

As a result, several EU programmes (such as Media or Culture 2000) promote trans-national cultural exchanges. At an international level, the EU initiated the discussions which led to the signing of the Convention on the Protection and the Promotion of the Diversity of Cultural Expressions under the auspices of UNESCO.

Policy makers recognise that Europe’s true identity is made up of different heritages, multiple languages and diverse artistic traditions. They recognise the importance of culture to forge a “common destiny” and to reconcile identity and openness, dialogue and respect.

Though, while Europe prides in its intellectual and creative past, it has failed to assess the economic value of its cultural heritage and artistic creativity. Today Europe knows the importance of scientific innovation and is able to measure its investment in support of research and innovation. It is, however, unable to gauge the contribution culture and creativity has

¹ In the work plan adopted as part of the European Council’s conclusions of 15 and 16 November 2004, under the topic *“Lisbon strategy - Contribution of creativity and cultural industries to European growth and cohesion”*.

² Invitation N°EAC/03/05, Annex I, Terms of References

on the Lisbon goal to make Europe *"the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion."*

Europe's indexes measuring its economic performances and competitiveness include figures on R&D investments, patents, IT spending and the number of science graduates. Yet they fail to measure investment in creativity and copyright, as well as the importance of the cultural & creative industries.

The study aims to address the lack of economic visibility in the cultural & creative sector of the EU. It is divided into five chapters.

1. Background and context of the economic and social assessment

This chapter provides some insight on the political, economic and social dimensions of culture. It looks at the reasons for a new interest in assessing the economy of culture in Europe. It considers how the contribution of culture to the economy has recently been acknowledged at both national and international levels and evaluates the constraints of such an assessment. It puts this exercise in the context of the ICT revolution which triggers increased demand for "content". Finally it describes the interaction between culture and creativity to demonstrate the added value of creativity to economic development as this study attempts to gauge the degree in which both culture and creativity have had an impact on the economy of culture.

2. The scope of the economy of culture – delineation of the cultural and creative sector

Chapter II aims at delineating the cultural & creative sector which is subject to the impact assessment. It reviews the various definitions given at international and national levels to circumscribe the sector for evaluation purposes. The study provides its own method to collect the data on the various sectors and activities to measure the economy of culture in Europe.

3. Mapping out the economy of culture in figures

Chapter III is divided into four sections that analyse:

- The contribution of the cultural & creative sector to European GDP, growth and employment.
- The contribution of the cultural & creative sector to European competitiveness
- The sector's outlook
- The role of public support and sponsorship in the European economy of culture.

This chapter considers the methodology used to measure the economic and social contribution in the absence of statistical standardisation in the field. It evaluates the evolution of cultural consumption and the prospect of the sectors particularly in relation to digital technology development.

The specificity of the sector in relation to its funding is considered through the influence of public bodies and/or private foundations. The chapter contributes to mapping out the culture & creative sector in Europe to the largest extent possible.

4. The indirect and non quantifiable contribution to the Lisbon Agenda

Chapter IV considers the indirect and non quantifiable impact of the cultural & creative sector to the Lisbon Agenda. First it looks at the close interdependence between the content and ICT sectors, resulting in huge development prospects for both sectors.

Then it looks at the impact of culture at local level on the tourism industry, the development of cities and the role of the cultural & creative sector in urban regeneration. It emphasises the role of culture in promoting local development and describes strategies adopted at local levels to attract the “creative class”. This chapter also examines the contribution of culture as a tool for social integration and cohesion.

5. A strategy for a creative Europe

The study concludes that the establishment of Europe as a creative hub is essential for the Union’s competitiveness in the context of the Lisbon Strategy. It highlights the weaknesses and strengths of Europe’s creative industries and considers the challenges that Europe needs to address if it wants to make the most of its creative potential. The chapter shows the important interaction between the promotion of innovation, a Lisbon priority, and the fostering of creativity. Finally it recommends a few action points that should stimulate the establishment at the EU level of an environment conducive to creativity. In the end, it should put culture and creation at the heart of the European project for the benefits of the European economy and its growth.

