

STUDY

Requested by the CULT committee



Research for CULT Committee - Culture and creative sectors in the European Union – Key future developments, challenges and opportunities



Culture and Education



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Abstract

Culture and creative sectors (CCS) are confronted with an ever-changing environment which challenges practices, business models and market balances. This study highlights the key trends that are likely to impact the future development of the CCS in their operational context in the European Union by 2030.

This document was requested by the European Parliament's Committee on Culture and Education.

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LINGUISTIC VERSION

Original: EN

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Manuscript completed in September 2019
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This document is available on the internet in summary with option to download the full text at: <http://bit.ly/2lCi9bw>

This document is available on the internet at: [http://www.europarl.europa.eu/RegData/etudes/STUD/2019/629203/IPOL_STU\(2019\)629203_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2019/629203/IPOL_STU(2019)629203_EN.pdf)

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Please use the following reference to cite this study:

KEA & PPMI 2019, Research for CULT Committee – Culture and creative sectors in the European Union-key future developments, challenges and opportunities, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels

Please use the following reference for in-text citations:

KEA & PPMI (2019)

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LIST OF ABBREVIATIONS

AI	Artificial Intelligence
AR	Augmented Reality
AT	Austria
AVOD	Advertising video on demand
CA	Canada
CAGR	Compound Annual Growth Rate
CCS	Culture and Creative Sectors
CULT	Culture and Education Committee
DE	Germany
EaP	Eastern Partnership
EE	Estonia
EP	European Parliament
ERDF	European Regional Development Fund
ES	Spain
ESIF	European Structural and Investment Funds
EU	European Union
GDPR	General Data Protection Regulation
ICT	Information and Communication Technologies
IP	Intellectual Property
IS	Iceland
KDP	Kindle Direct Publishing
LT	Lithuania
MENA	Middle East and Northern Africa
MEPs	Members of the European Parliament
OTT	Over-the-top
SE	Sweden
SME	Small and Medium-sized Enterprise
SVOD	Subscription video on demand
TVOD	Transactional video on demand
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VAT	Value Added Tax
VR	Virtual Reality

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EXECUTIVE SUMMARY

This report is a foresight scenario-based study which assesses the way the European CCS are already affected and could be affected in the future by economic, social, political or technologic changes. The first part of the study analyses the state-of-play, while the second part advances a prospective analysis grounded on scenarios with different degrees of probability on the future of CCS and tested through consultation with a wide range of stakeholders.

1. Main findings on the state-of-play

Diversity, fragmentation and concentration

The fragmentation and diversity of European CCS limits the circulation of European works and the ability of the sectors to organise and defend their interests. The concentration phenomenon highlights the dominant position of big non-EU players against the smaller EU CCS actors especially in the platform and streaming economy.

Changing funding environment and business models

The CCS have started to explore new or alternative business models to remain sustainable and have turned to private sources of finance, but most SMEs are frequently turned down by investors. The financing gap is currently tackled by the Creative Europe Guarantee Facility.

Workforce and skills

CCS' professionals increasingly require a blend of creative, digital, managerial and entrepreneurial competences, coupled with soft skills to stimulate innovation. The contribution of CCS to developing trans-sectorial soft and creative skills becomes even more critical in the age of Artificial Intelligence (AI) and the automation of work.

New technologies

Virtual and augmented reality represent important technological advancements and innovations and are a growing sector of interest for the CCS. The development of AI has a significant impact on the CCS, as it helps recommending tailored content. However, the trend towards a data-driven technology industry generates increasing concerns over consumers' privacy.

Audiences and cultural participation

Concerns are being expressed with regard to the limits of the digital cultural participation in terms of social and well-being impacts by contrast with in-person cultural engagement. Therefore, cultural institutions seek innovative tools and methods in order to (re)attract audiences and reaffirm their role as places of social bounding.

European CCS in an international environment

Hypermobility have become a social and economic condition in the CCS. At the same time, new technologies bring alternatives to mobility (online communications, streaming, virtual residencies) and reduce the environmental impact of international mobility.

Environmental challenges

Some CCS operators are pioneering ways to reduce their carbon footprint - at festivals or in the fashion industry. However, a growing concern that still needs to be addressed is the carbon footprint of digital activities and cloud computing, which are in control of large online platforms and intermediates.

Policy framework

During the last decade, CCS have gained increased attention in European Union policymaking. The 2018 European Agenda for Culture and the Creative Europe Programme aim to help CCS thrive in an international and digital environment.

2. Scenarios for the future of the CCS

The scenarios span across different trend areas: economic, policy, social, technologic and environmental aspects, international cultural relations, democracy and artistic freedom. A probability index was developed, indicating an average score of the likeliness of each scenario. Very few of the scenarios are irreversible – instead, they provide a matrix in which political actors and the CCS can make decisions to shape the way the sector will evolve towards 2030.

Below we present only one most and least probable aspirational and disruptive scenario in several selected trend areas.

Trend area	More likely		Less likely	
	Aspirational scenario	Disruptive scenario	Aspirational scenario	Disruptive scenario
Economic	The CCS will act as a significant driver of territorial attractiveness.	The CCS will face a sizeable lack of funding.	The concentration of the sector will be reduced.	The lack of funding and of professional development opportunities in the CCS will lead to de-professionalisation of the sector.
Policy	The EU will develop ways to address the CCS specifically on national, regional and local level.	EU policy framework will not be appropriately adapted to support the CCS in the future.	Policy makers and financial institutions will be fully aware of the specificity of funding for the CCS.	Polarisation of resources for the CCS will be insufficiently addressed by policy makers.
Technology	Technology will increase the growth of certain sectors (e.g. audiovisual, video games).	Platform-led digital future will challenge ethics and cultural diversity of CCS.	EU citizens will be able to make the most of CCS, as the digital literacy of users will increase.	With the increasing attention for development of digital skills, artists will face difficulties in finding people with 'old'/'traditional' skills.
International cultural relations	European CCS will strengthen their role in building a shared European space.	The trade of CCS products will be dominated by large EU countries.	All EU countries will play an equal role in trade relations.	The CCS will contribute significantly less to building a shared European space.
Freedom of expression	CCS will contribute to democracy and the freedom of expression.	There will be an increase in violation of artistic freedom and censorship of cultural organisations.	The visibility of awards will be increased as a recognition of artistic freedom.	Nothing is going to change in terms of artistic freedom, as it is difficult to monitor censorship and hate speech.

3. Policy recommendations

Recommendations to the Members of the CULT Committee of the European Parliament take into account the existing policy agenda, but also suggest courses of actions to act on the different scenarios envisioned in the report.

Recommendations encompass six policy areas and also refer to key EU programmes that could better support CCS with regards to the identified challenges.

Cultural diversity

The increasingly digitised context in which citizens access culture and creativity requires:

- 1 An ambitious European approach including a cultural diversity criterion to its competition policy.
- 2 A strengthened voice of the CCS (by joining the AI Alliance and ensuring that cultural diversity is adequately taken into account).
- 3 A carefully monitored Audiovisual Media Services Directive.

Labour market

CULT and EMPL Committees could jointly assess:

- 1 To what extent the current labour market rules fit for a highly fragmented work environment.
- 2 How social security rights apply to atypical forms of work (freelancers/self-employees).

Skills and education

- 1 Encourage programmes for skills development and lifelong learning to include a clear component for culture and creativity.
- 2 Support programmes integrating the arts into STEM curricula.
- 3 The CULT Committee could spearhead the development of a CCS literacy policy.

Sustainability of CCS businesses and organisations

- 1 Ensure the CCS are adequately included in all programmes for entrepreneurship (future COSME programme, Horizon Europe).
- 2 Ensure the CCS Guarantee Facility is extended under the future InvestEU programme.
- 3 Monitor the level of public support for culture.
- 4 Incentivise the CCS to take up an active role in terms of environmental sustainability.

Diversity and inclusiveness

- 1 Commission studies and research in the diversity of the CCS workforce.
- 2 Encourage the development of pledges mechanisms that promote gender equality.
- 3 Set up regular data collection exercise on CCS to monitor audience diversity and ensure wide access to culture.

The role of arts and culture in European democracies

- 1 Strengthen cooperation with the Council of Europe's Indicator Framework on Culture and Democracy to ensure freedom of expression is preserved.
- 2 Consider financing CCS-led active citizenship projects.
- 3 Encourage the development of shared narratives through culture across Europe.

Key programmes

- 1 Ensure that the **Creative Europe programme's** budget is not reduced as part of the final financial negotiations.
- 2 Support the new **European Institute of Innovation and Technology's Knowledge and Innovation Community** for the CCS.
- 3 Ensure a clear line of action, governance model and budget for the **EU strategy for culture in external relations**.
- 4 The **future Horizon Europe programme** is the opportunity to strengthen research and innovation across the CCS.
- 5 Consider financing a **preparatory action supporting CCS social innovation projects** to develop locally-rooted European narratives.

1. CCS IN THE EUROPEAN ECONOMY AND SOCIETY

KEY FINDINGS

- European CCS have been demonstrating economic growth and competitiveness in most EU countries. Total employment in CCS in Europe amounts to more than 6.7 million employees in 2016. Creativity plays a fundamental role in innovation, not only in the CCS but also in a wide range of other sectors such as consumer electronics, telecom services, tourism, education or healthcare. Innovation generated by the CCS is multifaceted, blending technological, business model, social and creative innovation.
- Cultural participation has been recognised as one of the main accelerators of the social change and of the construction of inclusive, resilient societies. Culture strengthens the social capital of societies, facilitating democratic citizenship, fostering their creativity, well-being and critical thinking, encouraging integration and cohesion and promoting diversity, equality and pluralism. This is particularly topical against the backdrop of current socio-demographic changes as well as political polarisation across Europe.
- At the European policy level, culture has progressively been mainstreamed in different agendas in order to foster socioeconomic development and to enhance integration of territories within the Union. Effectively mobilised and integrated into local development strategies, cultural and creative activities can act as an engine for territorial development and for cultural and creative tourism to European regions and cities.
- The current context of international cultural relations is changing, making it more challenging for the EU to enhance its cultural policy on the world stage. However, CCS are perceived as a source of resilience with cultural dialogue and exchanges playing a role in the diplomatic conversation but also within the EU to address political, economic and environmental challenges threatening the social fabric.

In the context of the election of new Members of the European Parliament (MEPs), this paper aims to provide a foresight analysis of key future developments, challenges and opportunities for European culture and creative sectors (CCS) at the horizon 2030 for the European Parliament Committee on Culture and Education (CULT).

In line with the definition provided in the Regulation 1295/2013 of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020), article 2 (1), this paper considers the CCS as 'all sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed. Those activities include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management. The cultural and creative sectors include inter alia architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio

and visual arts.¹ Considering the orientations of the future Creative Europe Programme for the 2021-2027 period, which includes specific sectorial support for audiovisual, music, publishing, cultural heritage and architecture, the present research particularly focuses on the development of these sectors.

This first chapter summarises the multifaceted contribution of CCS to the European economy and society that has been identified and recognised through research and evidence. The second chapter then highlights key trends within CCS as well as in their operational context (political, economic, social, technological, legal and environmental) that are likely to impact future development of CCS in the European Union (EU) in the next ten years. These key trends have been submitted to European CCS professionals in a survey and a workshop and analysed in order to elaborate possible future scenarios which are presented in the third chapter. The final fourth chapter delivers policy recommendations for the Members of the CULT Committee of the European Parliament to respond to challenges of CCS in light of the presented possible scenarios.

The European identity is made of diverse artistic traditions, languages and cultural heritage. European policy makers have acknowledged the importance of culture not only as a bedrock for individuals, communities and societies, but also in forging a 'common destiny' for European citizens on the basis of an inter-cultural conversation and with shared values of pluralism, openness, dialogue and respect. The European cultural diversity is a significant source of its own creativity, but is also an engine for shaping its destiny and determining its future. The additional challenge for Europe is to make the best of its cultural diversity in the context of globalisation, to ensure the promotion of diverse local identities, as well as a shared culture in an international context.² As they make important contributions to the wealth and health of the wider economy and society, and to the European project as a whole, the future of the EU is closely tied with the development of the CCS, their challenges, and their opportunities.

1.1. Economic resilience and innovation

Despite the lingering negative effects of the financial and economic crises, the European CCS have been demonstrating high levels of economic resilience and a strong competitiveness, as well as a high intrinsic capacity to innovate.³

In most EU countries between 2008 and 2016, companies in the CCS experienced an overall positive growth (+4.3%), reaching at least a 10% share of the total number of companies in the business services sector (2.45 million companies in 2016).⁴ According to Eurostat data, this increase concerns the majority of CCS sub-sectors. New companies are also outperforming the benchmark survival rates of service enterprises in the EU, and present a similar economic weight to ICT, accommodation, and food services.⁵ Total employment in CCS amounts to more than 6.7 million employees in 2016. It has remained stable over the period 2008-2016, with a CAGR of 1%.⁶

In 2016, the average GVA across CCS sub-sectors amounted to € 41.7 billion, growing over the 2008-2016 period with a CAGR of more than 2%. The audiovisual and multimedia, visual arts and heritage

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1295>

² KEA (2018) Research for the CULT Committee - *Creative Europe: Towards the next programme generation*, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels.

³ European Parliament (2016), *Report on a Coherent EU Policy for CCIs*.

⁴ European Investment Fund (2019), *Market analysis of the Cultural and Creative Sectors in Europe*.

⁵ *Ibidem*

⁶ *Ibidem*

and archives sub-sectors have seen the highest CAGR over the reference period. The sub-sectors books & press and audiovisual & multimedia achieved the highest GVA in 2016 (€ 76 million respectively € 63 million).⁷

Developing and exploiting new ideas and intellectual property (IP) in the form of new content is the basis for CCS activities. The CCS sub-sectors' value chains often rely on other sub-sectors to create new products, for instance music in films or design in fashion and video games. This operational specificity makes CCS cross-sectorial by nature and provides for long-term growth perspectives as they do not depend on sub-sector-specific developments or singular shifts in competitiveness between countries.⁸ Moreover, CCS' intrinsic capacity to innovate, introduce new products, services and organisational models in fast moving, complex and competitive markets indicates that creative content does not only serve the CCS' own development, but it has a larger impact, creating spillovers in several industries such as consumer electronics, telecom services, tourism, education, and healthcare in the business value chain.⁹ For instance, visual narratives are largely used in the education sector, to better explain various types of content, during history, maths or chemistry classes. In the field of medical research, techniques coming from the CCS (e.g. animation and 3D rendering) have been used to improve visualisation of the human anatomy as described in the example below.

Cinematic Rendering: training medical students at the Ars Electronica centre

Cinematic Rendering takes 3D depictions of the human body to the next level of image quality and presents a vivid example of how science can benefit from artistic impetus. The project was developed by Siemens Healthcare, in collaboration with the Ars Electronica FutureLab (Linz, Austria) and Fraunhofer Institute for Medical Image Computing (MEVIS) to improve the realistic representation of the living human body. Indeed, current 3-D-pictures from CT (computer tomography) or MRT (magnetic resonance tomography) lack contrast and sufficient depth to produce representations of skeleton, organs or blood vessels in a realistic manner, for instance showing the distance between veins and chords.

Working on a corpus of 3D data provided by Zygote Media Group Inc., a company that specializes in exacting three-dimensional anatomic representations of the human body, the researchers transferred animation techniques from the film industry to the realms of medicine. Cinematic Rendering uses raw data from CT- and MRT- examinations as the basis for modelling the showpiece and improves it through an 'image-based lighting calculation' technique. Cinematic Rendering allows for the exploration of the human body as an immersive experience: organs, muscles, bones, the cardiovascular system and the body's network of nerves can be shown layer by layer, and 3D visualizations deliver ultra-close-up views inside the human body. Such technique therefore provides a platform to shift medical education from the conventional anatomy atlas to three-dimensional learning and visual understanding of the interrelationships in the human body. The film that resulted from the project 'Human Bodies: The Universe Within' is screened at the Ars Electronica centre in its Deep Space 8K cinema.¹⁰ The extremely high resolution of the screens enables to simultaneously augment the three-dimensional models with other media elements such as detailed graphics, high-resolution videos and additional information. The technique has not yet been proofed to be used in regular diagnosis but the film is already shown to aspiring physicians from the School of Medicine of the University of Linz in virtual anatomy lectures and to the visitors of the centre sharing this new knowledge with a wider audience.

⁷ Ibidem

⁸ KEA (2019) *Impulse paper on the role of CCS in innovating the European industry*, European Commission DG GROW

⁹ KEA (2019) *op.cit*

¹⁰ 16 x 9 meters of wall combined with a 16 x 9 meters floor projection, laser tracking and 3D animations <https://ars.electronica.art/center/en/exhibitions/deepspace/>

Connecting creative capabilities with other fields of activity has demonstrated positive effects on economic activities, economic performance and job creation.¹¹ Besides, culture and creativity can help giving an ethical purpose to economic organisations. Indeed, the notion of progress in contemporary societies has evolved from the mere economic growth to include aspects like social justice or environmental quality. Cultural values that permeate this socio-economic space reflect a new hierarchy which favours relational rather than transactional consumerism, cooperation, solidarity, personal development, diversity, aesthetics and vital dimension as opposed to purely economic gain, especially against the backdrop of the current economic and social crisis.¹² This new socio-economic hierarchy echoes a wider distrust in the established economic systems and models that failed to deliver proper solutions to the current global challenges¹³ and marks a breaking with the dominant innovation agenda in technology, markets and governance worldwide.¹⁴ Thus, the concept of innovation broadens to incorporate social processes driven by and geared towards positive social change. It is argued that creativity plays a fundamental role in social innovation and thus in establishing the new socio-economic order, as it gives a competitive edge to organisations for the development of new social forms and for knowledge accumulation.¹⁵

Creative industries are thus increasingly including social innovation in their reason of existing, which leads to new activities within the CCS, such as design thinking. Designers have traditionally focused on enhancing the look and functionality of products, however they have recently started to use design techniques to solve complex problems, such as finding ways to provide low-cost healthcare or improve water alimentation systems in arid regions. This approach has been embraced by businesses in a wide variety of sectors of activity, which reflects the fact that innovation generated by the CCS is actually multifaceted, blending technological, business model and creative innovation.¹⁶ In Austria, for instance, approximately one fifth of creative enterprises (among them mainly companies active in the field of architecture) primarily introduce innovations which aim to solve social issues.¹⁷

1.2. Inclusive and resilient societies

The diverse nature of current challenges demand European societies to become more and more flexible, elastic and adaptive to changes, namely to reinvent themselves in a multidimensional, sustainable, resilient and inclusive way. Such challenges concern among others changing demographics, the growing pervasiveness of digital technologies, as well as the interlinked uncertainties deriving from the political polarization and the persistent diffusion of fake news and disinformation. In facing such challenges, culture has been recognised as one of the main accelerators of the social dimension of resilience by strengthening the social capital of societies, facilitating the active participation of citizens, fostering their creativity, well-being and critical thinking, encouraging integration and cohesion and promoting diversity, equality and pluralism.

At the policy level, there is a strong consensus about the relation between culture and the European core values of democracy, human rights and freedom of expression. Top-level declarations and political documents of the Council of Europe are echoing the United Nations Universal Declaration of Human

¹¹ Austrian Institute for SME Research and VVA Europe (2016) *Boosting the competitiveness of cultural and creative industries for growth and jobs*, European Commission DG GROW.

¹² Pau Rausell Koster, Raul Abeledo Sanchis, *Main Connections Between Cultural and Creative Activities and the Socio-Economic Space*, 2016

¹³ Alex Nicholls et.al., *New Frontiers in Social Innovation Research*, Palgrave Macmillan, 2015.

¹⁴ Fontys Academy for Creative Industries, *Reader on the Creative Industries & Social Innovation*, 2016

¹⁵ *ibidem*

¹⁶ EKOS (2017), *Creative Industries Innovation: Overview Report*, (p.9)

¹⁷ Kreativwirtschaft (2017), *Seventh Austrian Report on Creative Industries, Focus on Creative Industries and Innovation*.

Rights and treat culture as a basic human right.¹⁸ The 1990 Recommendation of the Parliamentary Assembly recognizes the equal access to culture and cultural participation as fundamental pillars of the principle of “living together” within democratic, liberal societies.¹⁹

In parallel, there is an increasing body of evidence that ties culture’s contribution to social cohesion and inclusion, defining its social effects as ‘the bonds and connection between different entities, the smallest included, in a social system’ and underlines that ‘participation in social-cultural work and arts contributes among other things to the forming of a community and strengthening the social fabric and emancipation’.²⁰ Best evidence has been also found in terms of social capital, indicating that cultural participation can contribute to social relationships, networks, communication skills and self-concepts.²¹ To take the example of music, recent research highlights the social values of local live performance for citizens in terms of social capital (enhancing a sense of belonging and allowing people to connect to each other), public engagement (making a positive impact on cities and their inhabitants, providing spaces for marginalised groups as well as counter-cultural movements and communities) and identity (playing a vital role in the attachment to place and generating a sense of identity and cultural pride from local live music scenes).²²

These findings come in line with the conclusions of the Council of the European Union that also highlights the role of culture and the dynamics of cultural participation to “combat poverty, to promote social inclusion and integration of isolated and excluded groups and to foster ‘cultural diversity and intercultural dialogue, respect for differences and the ability to prevent and resolve intercultural challenges’ through devitalizing stereotypes and challenging prejudices”.²³

Fostering intercommunity dialogue through culture: ‘We are Roma’ museum exhibition in Gothenburg (Sweden)²⁴

In 2013 the city of Gothenburg has been elected one of the five pilot cities by the Swedish government as part of a national 20 years strategy for Roma inclusion. Roma are recognized as a national minority in 2000 and numbered around 50,000 in Sweden. The strategy’s goal is to ensure that every Roma person born in 2012 has equal opportunities as a non-Roma person in 20 years’ time. In this context, the museum photography exhibition aimed to better deal with Roma inclusion in the city, providing a space for them to meet a community and giving them the opportunity for autonomy, for self-esteem development and the ability to express their own discourse. ‘Rom san - We are Roma’ photography and document exhibition was created in 2011 through the cooperation of a professional photographer, local journalists and activists and developed in the Gothenburg museum by Roma people in the area. It consisted of a new working, collaborative method by shifting decision-making power to the Roma

¹⁸ Council of Europe (2013), “Governance of Culture-Promoting Access to Culture”. Background paper by Elena Di Federico, researcher Zsuzsa Hunyadi, sociologist and Peter Inkei, director of the Budapest Observatory. MinConCult (2013), 4

¹⁹ Council of Europe (2012), The right of everyone to take part in cultural life. Recommendation 1990 (2012) Final version. <https://assembly.coe.int/nw/xml/XRef/Xref-XML2HTML-en.asp?fileid=18058&lang=en>

²⁰ Gielen, P., S. Elkhuisen, Q. van den Hoogen, T. Lijster and H. Otte (2015). Culture – The Substructure for a European Common – a research report. Brussels: Flanders Arts Institute-Performing Arts. <http://2016.vti.be/en/overvti/publicaties/publication-culture-substructure-european-common>

²¹ Taylor, P., L. Davies, P. Wells, J. Gilbertson, and W. Tayleur (2015). A Review of the Social Impacts of Culture and Sport. London: Culture and Sport Evidence (CASE) Programme. http://www.artsandhealth.ie/wpcontent/uploads/2015/05/A_review_of_the_Social_Impacts_of_Culture_and_Sport2015.pdf

²² Arno van der Hoeven Erik Hitters ‘The social and cultural values of live music: Sustaining urban live music ecologies’, Cities Volume 90, July 2019, Pages 263-271

²³ Council conclusions on the role of culture in combating poverty and social exclusion, 2010 https://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/educ/117797.pdf

²⁴ This example has been selected among the best practices identified by the Culture for Cities and Regions project consortium and presented in its catalogue of 70 case studies http://www.cultureforcitiesandregions.eu/culture/case_studies/Catalogue_practices

community, since the latter had the interpretative initiative and the power to oppose decisions concerning the exhibition.

The exhibition included photographs, narratives, as well as an inclusive educational program led by four Roma pedagogues, while visitors were guided also by two Roma experts. Taking into consideration that prejudices are resulted by a lack of knowledge and information, the exhibition was used as tool for fighting discrimination and to raise awareness by disseminating information. However, Roma was not only an exhibition, but rather a meeting place and exchange platform for Roma different groups. Over 130,000 people attended the exhibition, including 1,200 council officials. As a result of the project, cultural institutions from other cities of Sweden expressed their interest in continuing the exhibition. The exhibition became the flagship project of the role of culture in social inclusion in the city of Gothenburg and it has been showcased at the European Parliament in 2014, placing the Roma inclusion topic in the broader political and social debate.

Acknowledging the culture's important function in society, discourses have been moved towards a more general conception of the public value of culture,²⁵ demonstrating how cultural participation can lead to the creation of democratic citizenship and the construction of an inclusive society. Indeed, recent research suggests that cultural participation in general, but also specific forms of artistic expression, online creativity and passive participation are strongly related to trust and tolerance, namely to some of the main characteristics of an open, resilient and inclusive society.²⁶ Additionally, cultural participation and access to arts has been proven to be an important tool for conceptual stability, self-esteem and self-confidence building and empowerment which are the core ingredients of citizenship capacity in a democracy.²⁷

Finally, the notion of resilience in a society has been also linked to the creation of a social environment that secures and promotes the physical and psychological well-being of its citizens and the overall human and social development. To this regard, there is an underlying relation between health status and well-being with the cultural consumption and participation. In particular, according to recent studies, participation in cultural activities such as cinema, theatre, classical music, painting exhibitions and novel reading among others is ranked as second as a determinant of psychological well-being after absence of disease and outperforming factors such as employment, age, income and educational status.²⁸

1.3. Local development and territorial attractiveness

Culture and the arts have been traditionally recognised, promoted and preserved in relation to their very intrinsic value, i.e. their status as a symbolic creation at the heart of humanity and resulting from the expression of its creativity. However, in the last decades a complementary and interrelated approach increasingly has recognised their instrumental value, in particular their contribution to social

²⁵ Council of Europe (2013). op.cit

²⁶ Hertie School of Governance (2016). Cultural Participation and Inclusive Societies –A thematic report based on the Indicator Framework on Culture and Democracy. Strasbourg: Council of Europe. <https://edoc.coe.int/en/cultureand-democracy/7285-pdf-cultural-participation-and-inclusive-societies-a-thematicreport-based-on-the-indicator-framework-on-culture-and-democracy.html>

²⁷ Stanley, D. (2005). *Recondita armonia: A reflection on the function of culture in building citizenship capacity*. Strasbourg: Council of Europe. <https://book.coe.int/en/root/3701-recondita-armonia-a-reflection-on-the-function-of-culture-in-building-citizenship-capacity-policy-note-no10.html>. On the cultural citizenship that contributes to the right of citizens to shape their society, as well as on the overall social effects of culture, arts and heritage see also the article of the same author: Stanley, D. (2006). Introduction: the Social Effects of Culture, *Canadian Journal of Communication*, Vol. 31 (1), pp. 7-15. <https://www.cjc-online.ca/index.php/journal/article/view/1744/1856>

²⁸ Grossi, E., P.L. Sacco, Blessi G.T, Buscema M. (2011), The Interaction Between Culture, Health and Psychological Well-Being: Data Mining from the Italian Culture and Well-Being Project. *Journal of Happiness Studies* 13(1):129-148. <https://link.springer.com/article/10.1007/s10902-011-9254-x>

and economic development of territories. The role of culture in urban development has attracted the attention of scholars since the eighties – Throsby,²⁹ Landry³⁰ or Florida,³¹ to mention only few of them, approaching it from the creative industries which highlights the role of firms as the generators of innovation and territorial development, or from the ‘creative class’ perspective, focusing on creative people responding to location factors in their urban environment. Consequently, culture has increasingly been used, especially in cities, to achieve particular social and economic goals. Because cultural and creative expressions and products are deeply rooted in the territories where they have been created – echoing, incorporating and being inspired by local symbols, traditions, knowledge, materials and practices – they become a crucial, powerful site-specific resource for territorial development.

On the policy side, the link between culture and development was enshrined in the objectives of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions³² and is underlying in international discussions about the contribution of culture to sustainable development, notably the Hangzhou Declaration recognising the value of cultural heritage as a driver for sustainable development.³³ At the European level, culture has progressively been mainstreamed in different policy fields in order to foster socioeconomic development and to enhance integration of territories within the Union. This manifests for instance in the inclusion of culture and creative sectors in the Regional Smart Specialisation Strategies of more than 100 regions across EU Member States.³⁴ At the level of funding programmes, the URBACT and INTERREG programmes have focused on transnational cooperation to improve local policies targeting culture within broader strategies for urban and regional regeneration, innovation, sustainable development and inclusiveness. Lately, the Horizon 2020 Framework of the European Union has funded initiatives grounding urban and rural development on cultural heritage.³⁵

Effectively mobilised and integrated into the local development strategies, cultural and creative activities can act as an engine for territorial development and for cultural and creative tourism to European regions and cities. With 412 UNESCO sites located in Europe, cultural heritage in particular contributes to the attractiveness of European regions, cities, towns and rural areas not only in terms of tourism, but also in private sector inward investment, attracting talents and businesses and developing cultural creative quarters such as the Zsolnay Cultural Quarter in Pécs, Hungary. The Cultural Quarter features a 5-hectare area of 15 protected historic buildings turned into a museum, music and performance venue, theatre, Planetarium as well as creative shops in restored ceramic factory buildings which once belonged to the Zsolnay family. Examples of successful urban regeneration through culture abound among European cities, especially those which have received the European Capital of Culture (ECoC) title. The example of Pécs is expanded below.

²⁹ Throsby, D. (2001) *Economics and culture*, Cambridge University Press, Cambridge.

³⁰ Landry, C. (2001). *The creative city a toolkit for urban innovators* (Repr. ed.). London: Earthscan

³¹ Florida, R. (2002) *The Rise of the Creative Class. And How It's Transforming Work, Leisure and Everyday Life*, Basic Books.

³² <https://en.unesco.org/creativity/convention>

³³ UNESCO (2013) Hangzhou Declaration Placing Culture at the Heart of Sustainable Development Policies <http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/CLT/images/FinalHangzhouDeclaration20130517.pdf>

³⁴ Smart Specialisation Platform, <http://s3platform.jrc.ec.europa.eu/map>

³⁵ See ROCK <https://www.rockproject.eu/> and RURITAGE <https://www.ruritage.eu/> projects

From the industrial to the creative city: the example of Pécs, Hungary³⁶

Pécs is a medium-sized city with more than 150,000 inhabitants and a regional hub. The former coal-mining city started declining after 1990 when industrial activities almost completely vanished but entered a renewal phase through culture and especially the bottom-up initiative to apply for the ECoC 2010 title. The city needed to redefine its identity which required adequate action to better reflect the city's evolution towards creativity.

The concert hall of the Kodály Centre, the Southern Transdanubian Regional Library and Knowledge Centre and the Zsolnay Cultural Quarter are the most emblematic projects realised thanks to an investment of more than €100 million through ERDF funds. The ECoC projects associated numerous local cultural institutions such as the Bóbita Puppet Theatre, the Franz List Concert Hall, the Department of Communication and Media Studies and the Faculty of Music and Visual Arts of the University of Pécs. The Cultural Creative Industry Cluster (former South Transdanubian Cultural Industry Cluster) was established in 2007 as part of Pécs ECoC 2010, to sustain the long-term development of the nascent creative ecosystem in the region. However, its establishment was a challenge for the city and especially for CCS actors who initially lacked recognition and promotion.

Eventually, the Cultural Creative Industry Cluster managed to established itself as the country's only culture and creative industries cluster. It now counts more than 40 members, mostly coming from art, design, marketing, communication, and cultural events-related activities. Since its creation, the cluster has participated in numerous projects and significantly strengthened its visibility in the region and beyond. Some of them have leveraged added value for the local economy and contribute to the city's buoyant cultural life. As a result, Pécs has significantly increased its attractiveness for young people to stay in the city and set up a business.

Notwithstanding the benefits of cultural and creative activities for the vibrancy and regeneration of territories, urban planning strategies instrumentalising culture may result in gentrification. This can cause the displacement of artists and cultural spaces because of rising rents costs or increased tensions with the neighbourhood (for instance noise occasioned by live music venues)³⁷ and of former inhabitants of the area due to increasing housing prices. Cultural vibrancy should therefore not be instrumentally limited to an economic agenda but urban planning strategies should also enhance social and cultural values of artistic activities.³⁸ Initiatives exists to prevent or to counter the effects of gentrifications: for instance, PAX—Patios de la Axerquía is a project promoting an innovative system of governance for unoccupied patio-houses of the city centre of Córdoba, Spain. This new urban model is based on multilevel co-management between the public administration and the social economy to acquire and use patio-houses in a cooperative way, thus restoring the environmental and social values of this Mediterranean heritage in the context of the New Urban Agenda for a smart, sustainable and inclusive city.³⁹

³⁶ This example has been selected among the best practices identified by the Culture for Cities and Regions project consortium and presented in its catalogue of 70 case studies http://www.cultureforcitiesandregions.eu/culture/case_studies/Catalogue_practices

³⁷ C. Ballico, D. Carter 'A state of constant prodding: Live music, precarity and regulation', *Cultural Trends*, 27 (3) (2018), pp. 212-213

³⁸ Arno van der Hoeven Erik Hitters (2019) *op.cit.*

³⁹ Redaelli, G. 'PAX—Patios de la Axerquía Urban Regeneration and Social Innovation in a Heritage Context', *Built Heritage* March 12, 2019 <https://www.built-heritage.net/gaia-redaelli-issue9>

1.4. Positioning the EU as a global actor

While multilateralism had been the norm in a globalised world for the past forty years, the current context of international relations and *a fortiori* of international cultural relations is changing, making more challenging for the EU to enhance its cultural policy on the world stage. Following the 2009 economic crisis, the negative effects of globalisation are growingly singled out by governments and citizens. At the same time big powers, especially the US, are losing appeal while others (China and Russia for instance) are taking a stronger position on the diplomatic scene. The EU which has flourished in multilateralism as a model for economic and (to a certain extent) political integration now finds a more difficult context to advance its international role, including cultural activities.

Another characteristic of the contemporary international order is the growing power of technological companies, not only in economic terms but also impacting diplomatic and people relationships. Digital media might as well be a tool for the EU to engage with its citizens and globally as it might hurt the very European project, preventing the EU to advance with a united position regarding culture in its international relations. The digital shift brings about new social behaviours and therefore reshuffles traditional mechanisms of cultural diplomacy and international cultural relations. With the rapid global dissemination of information, people-to-people contacts, networks, non-state actors and international digital companies have become increasingly influential. In such a context, culture plays an important role in the global communication of ideas, cultural products, as well as in their related influence.⁴⁰ Although creating new possibilities for engagement within and between societies, digital means of information and communication (especially social media) also have drawbacks, notably in terms of distortion, misrepresentation and unaccountability, which can transform them into a political weapon for ideologically driven, malign activities⁴¹ as demonstrated in the recent Facebook–Cambridge Analytica personal data scandal.

Cultural intervention seems all the more relevant in the backdrop of growing populist nationalism as well as distrust in European institutions⁴² in a number of EU Member States combined with the diffusion of fake news and disinformation on the web, which scrutinize and question EU fundamental values. In the face of current political, economic, environmental challenges threatening the social fabric CCS are perceived as a source of resilience with cultural dialogue and exchanges playing a role in the diplomatic conversation.⁴³ Cultural productions help create an appropriate environment for communicating European core values – democracy, human rights and freedom of expression – to European citizens and a worldwide audience. Participatory forms of creation involving citizens from various backgrounds and origins empower their critical thinking and stimulate the democratic debate⁴⁴ (see also sections 2.4 and 2.5). This role has been enshrined in the European Parliament’s resolution of 19 January 2016 on the role of intercultural dialogue, cultural diversity and education in promoting the EU’s

⁴⁰ KEA (2016) *European Cultural Institutes Abroad*, Research for the CULT Committee.

⁴¹ Higgott R., Proud V. (2017) *Populist-Nationalism and Foreign Policy - Cultural Diplomacy, International Interaction and Resilience*, ifa Edition Culture and Foreign Policy, Stuttgart.

⁴² The European Parliament’s Spring Eurobarometer observed an increase in the feeling of uncertainty in 19 European Member states (EU 27) with 27% of Europeans thinking that the EU is ‘neither a good thing nor a bad thing’. However, it showed continued strong support for the European Union with 68% of respondents across the EU27 believing that their countries have benefited from being part of the EU. This view is shared by a majority of people in all Member States except for Italy. <http://www.europarl.europa.eu/at-your-service/files/be-heard/eurobarometer/2019/parlemeter-2019/executive-summary/en-parlemeter-2019-executive-summary.pdf>

⁴³ Higgott R., Proud V. (2017) *op.cit.*

⁴⁴ European Commission, Communication A New European Agenda for Culture, COM(2018) 267 final, Brussels, 22.05.2018.

fundamental values, stating that ‘intercultural dialogue is a tool for inclusive democratic participation and empowerment of citizens, in particular in relation to common goods and public spaces.’⁴⁵

Although the EU has not yet reached the point of an integrated European cultural foreign policy, international cultural relations have been structuring at EU level since the beginning of the 2000s.

The Treaty on the Functioning of the European Union (TFEU) stipulates in its Article 167 Paragraph 3 that the Union and its Member States shall foster cooperation with third countries and the competent international organisations in the sphere of culture. Paragraph 4 of the same Article provides that the Union shall take cultural aspects into account in its action under other provisions of the Treaties, in particular the respect and promotion of the diversity of its cultures. The past decade has seen consecutive steps made by European institutions, among which the European Parliament, Commission and European Council, towards an agenda for culture in the Union’s foreign policy. The 2007 Communication on a European Agenda for Culture in a Globalizing World⁴⁶ followed by the Council Conclusions on a European Agenda for Culture⁴⁷ made culture a vital element of the EU’s international relations and placed the international element among the priorities of the Agenda for Culture. In 2011, the European Parliament adopted a Resolution on the cultural dimensions of the EU’s external actions,⁴⁸ calling for the development of a common EU strategy on culture in EU external relations and allocated a EUR 500 000 budget for the European Commission to launch a ‘preparatory action’ in this field. The EU Preparatory Action report on the role of culture in the EU’s external relations published in 2014 stressed the growing salience of mutual learning and mutual sharing in what it calls ‘global cultural citizenship’.⁴⁹ In this respect, it recognised the increasing role of a range of civil society, private sector actors and cultural relations organisations ‘for enhancing European influence and attraction’ in the world. While cultural diplomacy primarily involves governmental bodies and agencies, the approach adopted by the report considers that cultural relations unfold beyond the State and flourish among people and societies.⁵⁰ This particularly matters for the European Union as an international power and entity, constituted of a diversity of cultural expressions and heritage across its Member States.

In 2016 the European Commission and the European External Action Service (EEAS) released a Joint communication ‘Towards an EU strategy for international cultural relations’, adopted by the European Council on May 23, 2017. The strategy is aimed at promoting diversity through intercultural interaction with a bottom-up approach respectful of the independence of the cultural sector.⁵¹ Thereafter, the position of CCS as part of European external relations has been strengthened, as underpinned in the European Parliament 2017 resolution on ‘Towards an EU strategy for international cultural relations’,⁵²

⁴⁵ European Parliament resolution of 19 January 2016 on the role of intercultural dialogue, cultural diversity and education in promoting EU fundamental values (2015/2139(INI)) <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2016-0005+0+DOC+PDF+V0//EN>

⁴⁶ European Commission, Communication on from the European Commission on a European agenda for culture in a globalizing world, COM/2007/0242 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52007DC0242>,

⁴⁷ Council Resolution of 16 November 2007 on a European Agenda for Culture (OJ C 287, 29.11.2007).

⁴⁸ European Parliament resolution of 12 May 2011 on the cultural dimensions of the EU’s external actions (2010/2161(INI)). <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P7-TA-2011-0239+0+DOC+PDF+V0//EN>

⁴⁹ Isar, Yudhishthir Raj et al. (2014) *Preparatory Action: ‘Culture in EU External Relations.’ Engaging the World: Towards Global Cultural Citizenship*. Brussels: European Commission.

⁵⁰ *Ibidem*.

⁵¹ European Commission, JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Towards an EU strategy for international cultural relations JOIN/2016/029 final <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=JOIN%3A2016%3A29%3AFIN>

⁵² European Parliament resolution of 5 July 2017 on Towards an EU strategy for international cultural relations (2016/2240(INI)) http://www.europarl.europa.eu/doceo/document/TA-8-2017-0303_EN.html?redirect

in the 2018 New European Agenda for Culture⁵³ and in the Council's conclusions on an 'EU strategic approach to international cultural relations and a framework for action'.⁵⁴ All policy documents highlight the capacity of European CCS to build bridges among societies through the exchange of ideas and cultural experiences, thereby fostering intercultural dialogue and mutual understanding. CCS facilitate the 'act of communication defined as public diplomacy which takes both the government-to-people and people-to-people form'.⁵⁵ As vehicles for strengthening common values, CCS are also vectors of peace and reconciliation, especially in post-conflict regions within the EU (e.g. in Northern Ireland), as well as in its neighbourhood (e.g. in the Western Balkans or the MENA region). Drawing from its own history of reconciliation and prosperity through cohesion, the European Union has the experience required to advance culture as a soft power and peace-building tool in societies marked by conflict.

In such approach, European external actions need to be strongly based on equal partnerships with local organisations and a sense of common purpose to work to mutual advantage⁵⁶ therefore avoiding resistance or backlash towards its international activities.⁵⁷

⁵³ European Commission, Communication A New European Agenda for Culture, COM(2018) 267 https://ec.europa.eu/culture/sites/culture/files/commission_communication_-_a_new_european_agenda_for_culture_2018.pdf

⁵⁴ Council conclusions on an EU strategic approach to international cultural relations and a framework for action, Brussels, 21 March 2019. <https://data.consilium.europa.eu/doc/document/ST-7749-2019-INIT/en/pdf>

⁵⁵ European Parliament, 2016, 'Report on a coherent EU policy for cultural and creative industries' <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A8-2016-0357+0+DOC+PDF>

⁵⁶ de Vries, G. (2019) *Cultural Freedom in European Foreign Policy*, ifa Edition Culture and Foreign Policy, Stuttgart.

⁵⁷ Higgott R., Proud V. (2017) *op.cit.*

2. STATE OF PLAY AND KEY DRIVERS FOR CCS IN EUROPE

KEY FINDINGS

- European CCS feature a strong independent sector mainly composed by micro and small entities which is put at risk by the disruption caused by large international online operators. Moreover, market fragmentation hampers the realisation of the full innovation potential of digitisation for the CCS.
- In a context of decreasing public funding for arts and culture, organisations in these sectors are looking to adapt or to contribute to creating change in their ecosystem to remain sustainable against the backdrop of societal and economic conditions (improving their visibility, working internationally, exploring new funding streams). Nonetheless, access to finance through traditional instruments remains a challenge for SMEs in the sector.
- Cultivating creative skills is essential for the future of our societies. CCS have an active role to play to stimulate critical thinking and reflection in order to deal with the challenges and opportunities of new technologies in a human-centred way.
- Digitisation and the relative introduction of new actors have been challenging established value chains and relationships. At the same time, they allow some subsectors to renew the relation with audiences, for others to provide easier access to, and a better circulation of European creative works. However, a fair digital market place that benefits a wider segment of CCS operators, notably the smallest ones, is yet to be established.
- CCS can promote awareness on environmental issues, and inspire individual and societal change. On the other hand, they are also responsible for important carbon emissions and therefore need to reinvent their operating models to reduce their environmental footprint.
- European policy making has acknowledged the multifaceted contribution of CCS to the economy and society and is advancing both sectoral and horizontal instruments to help CCS thrive in an international and digital environment.

Whether it is about Artificial Intelligence, the platform economy, ageing populations, economic crisis recovery, environmental challenges or the rise of populism across the EU, CCS are confronted with an ever-changing environment which challenges practices, business models and market balances. Combining recent literature with in-depth interviews with stakeholders from various CCS sub-sectors as well as European networks, this chapter presents the present situation and main drivers of change across European CCS.

2.1. Between diversity, fragmentation and concentration

European CCS feature a strong independent sector mainly composed by micro and small entities (95%).⁵⁸ The small size of CCS operators is the very characteristic that enables them to adapt to new market situations, creating IP, innovating with new content and experiences in film, video games, music, visual or performing arts.

The small organisations of the CCS mean that collaboration is common practice, for example with other creative disciplines and sectors in an effort to combine resources. The fragmentation of the sector also reflects the diversity of cultures and languages in the EU. In music, for instance, local cultures influence

⁵⁸ Austrian Institute for SME Research and VVA Europe (2016) *op.cit.*

the listening habits of their population. Therefore, the local repertoire still dominates countries' charts: 69% of music consumers in France listen to 'variété française' and 28% of Polish listeners listen to 'disco polo'.⁵⁹ A similar situation exists in the audiovisual sector in several EU Member States, where an important attention is given to local films: in the United Kingdom, France, Poland and Lithuania the market share of domestic films was higher than 20% in 2017.⁶⁰

However, such fragmentation brings multiple challenges for the European CCS, not only for the trans-frontier circulation and distribution of works, but also in defending the interest of independent creations against large international corporations. The full innovation potential of digitisation for the CCS has not yet been realised due to fragmentation. Although new digital tools allow them to get involved in activities along the value chain, they mostly do not have the scale and capacity to take full advantage of these opportunities, and to engage in research and development.⁶¹

Fragmentation also limits the ability of the sectors to organise and to speak with a united voice to defend the interests of independent artists and operators, and to improve economic and social conditions. The sectorial representation of CCS at both the national and European level has been however taking shape for the past 20 years, with some real progress in terms of defending the sub-sectors' interests in front of policymakers. For instance, the European Film Agency Directors (EFADs) formally represent the common interest of the audiovisual sector across Europe with regard to an EU audiovisual policy since 2014. The EFADs have been making their position taken into account in the case of various crucial policy issues at EU level related not only to legislation that affects the AV sector (such as the SatCab regulation, the renewed Copyright Directive), but also to dedicated funding (such as shaping the Creative Europe MEDIA programme). Similarly, IMPALA, the independent music companies' association, has been raising awareness and advocating since 2000 for fairer remuneration and freedom of expression in the music sector, leveraging the independent actors' collective strength for the growth and stabilisation of the sector at EU level. The preparatory action Music Moves Europe, launched in 2018, was a direct result of the advocacy actions conducted by IMPALA and a broad range of European music organisations for the European Commission to directly support the sector. Some creative industries federations, encompassing all CCS, have also emerged in a couple of European countries (e.g. in the UK, the Netherlands and in Lithuania).⁶²

Despite the general fragmented nature of European CCS, some sub-sectors are increasingly confronted with a concentration phenomenon, whereby the diversity of the cultural offer does not necessarily translate into a diversity of works read, viewed or listened to.⁶³ This particularly applies to sub-sectors highly impacted by digitisation and the platform economy: audiovisual, music and publishing which have been interviewed for this research.

For instance, in the book publishing sector, due to the market pressure, there is a concentration of English translations of European book authors which hampers the circulation of books all over Europe. Between 2014 and 2016, the fund dedicated to European translations of books managed by Creative Europe helped translating an overwhelming 1011 books from Eastern countries mainly into English language. Conversely, in the same period, the dedicated grant focused on translating works originated in a few Western languages (mostly English) into mainly Eastern languages (mostly Bulgarian and Hungarian), reinforcing a concentrated exchange of culture between Western and Eastern Europe.⁶⁴ A

⁵⁹ IFPI (2018), *Music consumer insights*

⁶⁰ European Audiovisual Observatory, *Yearbook 2017*, 2018.

⁶¹ The Arts+, European Manifesto on Supporting Innovation for Cultural and Creative Sectors, 11/10/2018 <https://theartsplus.com/2018/10/11/european-manifesto/>

⁶² See respectively: <https://www.creativeindustriesfederation.com/>; <https://dutchcreativeindustries.nl/>; and <http://creativeindustries.lt/lt/>

⁶³ This has been highlighted during interviews with stakeholders from the music, publishing and audiovisual industries.

⁶⁴ The Budapest Observatory, *1011 Translations*, 2016

similar situation happens in the audiovisual sector, highlighting the same market concentration around Western AV works (mostly English- and French-speaking films and TV shows). In the 2015-2017 period, in the UK, national films account for the majority of EU 28 films on release, unlike the rest of the EU28 on average. In the same period, France and the UK are the countries with the highest number of film titles exported to other EU 28 countries in cinema or on TV. The UK ranks first for the number of titles exported to other EU28 on TVOD. The UK is the main hub in Europe for audiovisual services: about 2/5 of TV channels established in the UK primarily target another market in Europe and close to 50% of all European on-demand services primarily targeting another country are established in the UK.⁶⁵

A recent report from the French Ministry of Culture notes that although the internet has enabled the availability of a diversity of works in the country, it has also led to a concentration in the consumption of books, music and films, benefiting the top ranking works (in playlists and selections) while unknown ones remained unfound by users.⁶⁶

Concentration also occurs through the domination of big players on the European market against small CCS operators. Alongside independent micro and small entities flourishing on the web, large companies are restructuring in an attempt to counter balance the market share of big platforms. This can be observed in the publishing sector, in Spain, for example, where the economic crisis recomposed the market with large publishing groups absorbing medium-sized companies. The market share of the two main groups (Planeta and Penguin Random House) thus increased from 22.7% in 2008 to 32.1% in 2016.⁶⁷

In the music industry, independent record companies are increasingly acquired by the three major companies (Universal, Sony, Warner) which are also controlling the edition and distribution markets. In 2018, the three majors had a combined market share of more than 80% (including distribution), with up to 95% for Top 100 on radio in Europe.⁶⁸ The majors are responsible for 87% of content available on Spotify⁶⁹, the largest music streaming platform in the world.⁷⁰ The live music industry also shows concentration trends as big ticketing players benefit from price setting power. The interview with music stakeholders revealed that only a small fraction of companies present on the streaming market takes the majority of revenues. Indeed, as major music companies produce the majority of top hits, they consequently gather the largest share of revenues generated on the streaming market. This is reinforced by the current pay-per-stream model of streaming platforms such as Spotify whereby short repeatable soundtracks have the ability to generate more revenues.⁷¹ In Finland, under the current model, the top 0.4 percent of tracks accrued about 10 percent of 2017 royalty revenues.⁷²

In the audiovisual sector, the situation is similar. The European SVOD market is dominated by the 2 biggest digital players: in 2018, Netflix and Amazon Prime covered 63% of total subscription streaming

⁶⁵ European Audiovisual Observatory, *Brexit in context: The UK in the EU28 audiovisual market*, 2018.

⁶⁶ Ministère de la Culture et de la Communication (2019), *Chiffres clés de la culture et de la communication 2019*.

⁶⁷ Spanish Ministry of Culture and Sport, *El sector del libro*, April 2018

⁶⁸ IMPALA European Music Market Statistics <https://www.impalamusic.org/node/9>

⁶⁹ Mansoor Iqbal, 'Spotify Usage and Revenue Statistics', Business of Apps, 10/05/2019, <https://www.businessofapps.com/data/spotify-statistics/>

⁷⁰ In 2019, Spotify reached 108 million paying users, source: Manish Singh, 'Spotify hits 108M paying users and 232M overall, but its average revenue per user declines', Tech Crunch 31/07/2019, https://techcrunch.com/2019/07/31/spotify-108-million/?guccounter=1&guce_referrer_us=aHR0cHM6Ly9tdXNpY2luZHVzdHJ5YmxvZy53b3JkcHJlc3MuY29tL2NhZGVnb3J5L3Nwb3RpZnkv&guce_referrer_cs=09c5aTqvw7CDMLzj0tW2PA

⁷¹ Victor Luckerson, 'Is Spotify's Model Wiping Out Music's Middle Class?', The Ringer 16/01/2019, <https://www.theringer.com/tech/2019/1/16/18184314/spotify-music-streaming-service-royalty-payout-model>

⁷² Stuart Dredge, 'How would user-centric payouts affect the music-streaming world?', Musically, 02/03/2018, <https://musically.com/2018/03/02/user-centric-licensing-really-affect-streaming-payouts/>

revenues in Europe (52% Netflix and 21% Amazon Prime, followed by Sky with 4% and HBO with 3%. The rest of the SVOD services available in Europe had a 19% market share)⁷³.

Moreover, the platform economy is currently profitable only for the largest tech companies, such as Google, Amazon, Apple or Netflix which benefit from the technology to reach audiences more easily through their own services and devices (e.g. Google with YouTube, Apple Music, Amazon's Kindle). The development of a unique European VOD platform to counteract the dominance of these non-EU platforms could be envisaged.⁷⁴

2.2. Changing funding environment and business models

Public investment in culture has suffered a great deal from the effects of the 2008 economic crisis. As a result, public expenditure in culture in the EU28 was reduced by 3% in the period 2007-2015, with the per capita numbers falling by 4.77% from 2007 to 2015.⁷⁵ In 2016, the average expenditure on culture in the EU28 was of 0.45% of GDP.⁷⁶

At EU level, the Creative Europe programme has sought to support the growth of the CCS in the context of decreasing public funding at national levels and the transformation of the sector in the context of digitisation, emerging new technologies and increased market dynamics. As such, Creative Europe is in high demand but remains under-resourced to address this demand, making the competition very high.⁷⁷ Moreover, not all CCS sub-sectors are equally funded through the programme: the audiovisual sector alone benefits exclusively from the MEDIA strand of the programme, while the Culture strand is currently characterised by an inconsistent structure which prioritises certain sub-sectors via dedicated support actions, while others are generally addressed via cross-sectorial actions. As a result, projects from the audiovisual, performing arts and cultural heritage sectors make for more than 80% of Creative Europe supported projects, compared to Music or Architecture which do not benefit from the same visibility in the programme's structure.

The Creative Europe programme is particularly difficult to access for small and not-for-profit organisations that do not have the human resources nor the financial capacity to apply for funding or carry out projects of the scale. While co-financing rates remain high within Creative Europe, and thus an issue for small and medium organisations looking for funding, they could be ensured via private funding, which is however little mobilised.⁷⁸

In addition, due to the cross-sectorial approach with which the CCS operate and which leads to a wide range of innovations and to spill-overs in other economic sectors of activity,⁷⁹ the CCS have been featured (directly or indirectly) as beneficiaries in other EU-funding programmes supporting innovation, entrepreneurship or regional development, such as: Erasmus, COSME, Horizon 2020 or

⁷³ Robert Briel, 'Netflix beats all SVOD services in Europe', Broadband TV News, 06/03/2019, <https://www.broadbandtvnews.com/2019/03/06/netflix-beats-all-s-vod-services-in-europe/>

⁷⁴ See also Institute of Information Law, *Research for CULT Committee – Film Financing and the Digital Single Market: its Future, the Role of Territoriality and New Models of Financing*, 2019

⁷⁵ Fundacio Catalunya Europa, *Public spending on culture in Europe 2007-2015*, for the European Parliament, 2018

⁷⁶ The Budapest Observatory, *Public Funding on Culture in Europe 2004-2016*, 2018

⁷⁷ KEA (2018) Research for the CULT Committee, *op.cit.*

⁷⁸ KEA (2018) Research for the CULT Committee, *op.cit.*

⁷⁹ For an update on research about cultural and creative spillovers in Europe Nicole McNeilly, *Cultural and Creative Spillovers in Europe: A Follow-up Review*, 2018

INTERREG. However, this support is not streamlined and a strategy to coordinate the different funds is missing. As a result, opportunities offered by this variety of programmes lack visibility.⁸⁰

In this context of limited possibilities of support from the public sector both at national and EU levels, CCS need to explore new or alternative business models to remain sustainable while preserving their values and achieving their mission. Therefore, organisations have started to orientate towards alternative sources of finance from the private sector.

Various private financing instruments are currently available to the CCS, from bank loans to crowdfunding and venture capital funds. However, most SMEs in the CCS have difficulties in accessing these sources, being frequently turned down by investors.⁸¹ This happens not only because of the general challenges faced by SMEs compared to larger organisations in any sector, but also due to specific characteristics of CCS organisations which reinforce the problem of accessing finance. These relate to:

- Intrinsic characteristics of CCS activities: lack of tangible assets to offer to financial institutions as collateral, dependence on intangible assets (e.g. copyright, licences), high uncertainty on the market,
- (perceived) characteristics of CCS organisations and entrepreneurs: lack of business and managerial skills, dependence on public investment schemes,
- Specific market conditions: size of the market, lack of market intelligence, pressure to change existing business models in the context of the digital shift.⁸²

Banks and other financial institutions are generally reluctant to grant long-term large debt financing products to CCS companies namely because of the former's lack of knowledge about how to assess the economic value of the latter's intangible assets and of the banks' lack of confidence in the CCS business models and in the creative entrepreneurs' economic and managerial skills. The problem of access to finance is furthermore closely linked to the fact that the European CCS are characterized by a lack of middle-sized companies, as small CCS firms rarely grow into medium-sized ones. Access to private financing instruments is crucial for organisations to scale-up and internationalise. Lack of investment in the CCS is particularly strong for some sub-sectors. Publishing, for instance, suffers from a lack of private investment in the face of challenges posed by digitisation, and innovation on the digital market to reach out to wider audiences. Currently it is estimated that more than 450,000 SMEs in the CCS were to miss on loans due to a lack of collateral only.⁸³

As a result, incentives to stimulate private investment are needed for the CCS to develop. Public policy initiatives have been increasingly implemented in this regard at both EU and national levels in past years, generating new financing opportunities and models in the creative industries. An eloquent example can be found in the audiovisual sector, where indirect public support is increasingly being offered at national level through incentive schemes aiming to stimulate private investment by reducing the risks or offering tax benefits to investors. These incentive mechanisms become all the more important in the film financing process in light of the current legal development in the EU, as the

⁸⁰ See KEA, *Towards an integrated vision for the European Digital Media Sector: Mapping of existing EU programmes targeting Cultural and Creative Sectors*, 2018;

⁸¹ Working Group of EU Member States Experts on Access Finance for the Cultural and Creative Sectors, *Good Practice Report: Towards More Efficient Financial Ecosystems: Innovative Instruments to Facilitate Access to Finance*, 2016.

⁸² IDEA Consult et al, *Survey on access to finance for cultural and creative sectors*, 2013

⁸³ KEA (2018) Research for the CULT Committee, *op.cit.*

territoriality principle of film pre-sale distribution rights is becoming vulnerable with EU law aiming to remove national barriers in the Single Market.⁸⁴

Below we illustrate a successful case study in Lithuania where a tax deduction mechanism for film production was set up by the government to foster the local audiovisual industry.

Table 1: Case study: New models of film financing, the example of the Lithuanian tax shelter for film production

The Lithuanian tax shelter for film production	
CCS sub-sector Audiovisual, film	Country LT
Related issue Access to finance	
Specific trend Emergence of new financing models (tax incentives) that are meant to attract private investment in the sector, complementing national subsidies and EU grants.	
Background Member States have traditionally been subsidising countries' audiovisual sectors (mainly by directing funding to film production-related activities) with the justification of safeguarding and developing a nation's culture and enhancing cultural participation. While (national or European) public support for the sector has long been inspired by cultural motives, in the last decade there has been growing recognition of the positive economic results that the audiovisual industry delivers at the national and European levels. As a result, many countries have been aiming to grow their audiovisual industries to benefit from the advantages they deliver, in terms of employment, economic growth, exports, tourism or contribution to ICT. This trend has been materializing new policy implementation measures, which have facilitated, among others, innovative financing possibilities for film, influencing at the same time the traditional film business model. Tax incentives, particularly tax deduction mechanisms, are one of these policy tools that is increasingly recognized as straightforward and effective in developing the audiovisual sector by stimulating private investment into film (or other type of audiovisual) production. In recent years, a number of European countries, such as Lithuania, the Netherlands, Italy or Poland have implemented tax deduction mechanisms, joining the already-experienced countries with such measures, for example Belgium, France, the United Kingdom, Ireland, Hungary or Spain. This reflects a broader trend towards encouraging investment in the audiovisual sector, as opposed to direct state aid, as a holistic measure to support the industry, develop the local economy, and promote countries globally.	
Description The Lithuanian tax scheme came into effect in January 2014 for a five-year period. It was approved by the European Commission in 2012, as part of State Aid review. The scheme was designed as a policy measure to boost local and foreign film production in Lithuania and to attract inward investment through a private investment scheme. The scheme was limited to supporting the	

⁸⁴ See the Antitrust AT40023 'Pay-TV' Case resolution from 7 March 2019 https://europa.eu/rapid/press-release_IP-19-1590_en.htm see also Poort, J., Hugenholtz, P.B., Lindhout, P. & Til, G. van (2019) Research for CULT Committee, *op.cit.*,

production of feature films, TV dramas, documentaries and animations. Support is provided as a donation (which does not exceed 20% of the production budget) by an enterprise, and is backed by a tax relief on profits. Thus, the beneficiaries are:

- **Private donors (investors)** i.e. entities with a Lithuanian corporate tax liability, including foreign entities acting through a permanent office in Lithuania
- **The film producers**, who receive financial aid for filmmaking in Lithuania if their production meets the eligibility criteria

The mechanism is deployed in two steps: 75% of the donation to the film production can be deducted from the taxable profits, to be paid by the investor; the corporate tax to be paid by the investor can be decreased by the amount of the donated funds. In order for a production to be eligible, at least 80% of all expenses have to be incurred in the Republic of Lithuania and the expenses in Lithuania are at least € 43.000.

In order to be eligible, the film has to meet at least two of the following criteria for cultural content:

- the film script or the main topic is based on the cultural, historical, religious, mythological or social life events of Lithuania or Europe;
- the film tells the story of a famous Lithuanian or European cultural, historical, religious, mythological or society personality;
- the film script or the main topic is based on a prominent Lithuanian or European literary creation;
- the film promotes important Lithuanian and European values: cultural and religious diversity, human rights and public spirit, democracy and solidarity, minority rights and tolerance, respect for cultural and family traditions;
- the film tackles the issue of national and European identity.

The intensity of the benefit for the investor can be up to 11.25%. The tax benefit can be exercised by the investor upon receiving the investment certificate for the return period in which the investor receives the certificate. The donation from the private investor can be combined with other State Aid, but the cumulated aid amounts are limited to 50% of the production budget for the film, with a few exceptions: low budget and difficult films may receive cumulated aid of up to 90% of the production budget starting from 2018 (in the 2014-2017 period the maximum intensity for these films was 75%), and co-productions up to 60%.

Results and outlooks

Since the implementation of the tax scheme, Lithuania's film industry has shown the ability to increase its market share and meet consumers' demand for local stories (Lithuanian films represented 21,47% in national cinema market share in 2017). As a result, the national gross box office augmented between 2013 and 2017 from € 10.8 million to € 20.2 million (registering an increase of 87%), with the admissions per capita increasing during the same period from 1.05 to 1.43.

The tax scheme has helped channel an additional € 24.4 million of foreign investment in Lithuania from the USA, the UK, Canada or Russia, and has helped generate an estimated € 43,5 million in expenditure in Lithuania between 2014-2017. The tax scheme alone generated an estimated of 10,583 employment positions (freelance based) in the film production sector, and approximately € 6.6 million of personal net income in the 2014-2017 period. The incentive mechanism equally brought significant income for the state, estimated at € 6.8 million in tax revenue (in labour taxes, social security contributions and VAT).

Renowned film productions realised with the Lithuanian tax scheme:

- War and Peace (2015): EUR 7,3 mil - total budget in Lithuania, out of which – EUR 1,5 mil of investment via the tax shelter
- Tokyo Trial (2016): EUR 2 mil total budget in Lithuania, out of which – EUR 0,5 mil of investment via the tax shelter
- Chernobyl (2019): budget not disclosed in the moment of the research

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Lithuanian Film Centre

European Commission, SA.35227 (2012/N) – Lithuanian film tax incentive, Brussels, 18.12.2012

KEA, *Evaluation of the fiscal incentive scheme for film production in Lithuania*, 2018

Another type of public incentive has recently been introduced for CCS at EU level to bridge the funding gap in the CCS and help them develop. The Creative Europe Guarantee Facility was made available by the European Investment Fund with the purpose to cover a portfolio of eligible debt financing acting as a 'loss guarantee' for financial intermediaries who grant loans for businesses in the CCS.⁸⁵ If a CCS business falls into default on loan repayments, the Guarantee covers 70% of outstanding final loss after recovery procedures are terminated. Until now, financial intermediaries in 9 EU countries have signed agreements with EIF for an overall portfolio guarantee of over € 62 million.⁸⁶

The Guarantee Facility reflects an increasing market-led approach of the European Union in supporting the cultural sector, with a view to mobilise investment in CCS beyond public funding. However, it is not clear whether this CCS-specific instrument will retain its strength in its future integration within InvestEU.⁸⁷

On a more general level, the CCS are increasingly developing resilience against the backdrop of macro societal and economic changes. For instance, arts and cultural organisations are looking to contribute to creating change in their ecosystem,⁸⁸ whether it is about improving their visibility and working internationally, or about exploring funding streams opened by diffusion on new channels to remain sustainable.

Certain creative industries such as design or architecture have been experimenting with organisational and work models to cope with fragmentation and changing market structure.⁸⁹ Freelancers working collaboratively, non-profit organisations adopting cooperative models, artists using social media to increase their visibility and enlarge their fan base, creative companies internationalising operations are several examples of creativity applied to finding solutions to business, market or audience challenges. Cultural spaces, creative clusters, hubs and incubators have been flourishing in Europe⁹⁰ together with networks that share resources, competences and create favourable ecosystems for CCS to thrive. Upcoming challenges lie however in acquiring the capacity for CCS to invest in research and development in order to further engage with other sectors, such as technology, and bring about its own creative and innovative value rather than being subcontracted to execute so-called 'creative tasks' such as design at the end of a production process.

⁸⁵ € 121 million were earmarked for 2016-2020 (extended to €181 million in 2017) which are expected to create € 1 billion in loans and other financial products

https://www.eif.org/what_we_do/guarantees/cultural_creative_sectors_guarantee_facility/businesses_active_in_the_ccs

⁸⁶ https://www.eif.org/what_we_do/guarantees/cultural_creative_sectors_guarantee_facility/businesses_active_in_the_ccs

⁸⁷ InvestEU programme, https://ec.europa.eu/commission/publications/investeu-programme_en

⁸⁸ Creative Lenses (2019) *Business Models for Arts and Cultural Organisations*

⁸⁹ Interview with CLICK NL

⁹⁰ European Creative Hubs Network <http://creativehubs.net/>

2.3. Workforce and creative skills

a. General characteristics of the CCS workforce in Europe

Harmonised data collection on CCS employment markets remains a challenge at European level. Data produced by EU countries are often partial and incomparable. Research nonetheless has shown that CCS are characterised by a young workforce (especially in the performing arts and in audiovisual), an increasing number of professionals operating outside traditional forms of employment (self-employed, freelancers), and dynamic markets with a growing number of companies. This does not necessarily translate into growing employment opportunities,⁹¹ despite the European creative workforce having higher education attainment levels than the rest of the economy.⁹²

A recent European labour force survey in the field of audiovisual has highlighted increasing trends in employment in all EU Member States (except Spain), mainly in broadcasting over the 2008-2013 period. National statistical sources for their part showed increasing employment in production in the same period, linked to the growth of private companies especially in Denmark, France and Poland which have made a technological turnaround. At the same time, self-employment and temporary work are growing more than in the whole economy, respectively in broadcasting and in the production sector.⁹³ The same study points out at the lack of clear national frameworks on work arrangements outside standard employment relationships as well as a lack of harmonised definition of the sector leading to inexistent, inconsistent or unreliable national data on work arrangements outside traditional employment relationships. This evolving patterns of work arrangements require CCS professionals to acquire legal, financial and administrative skills alongside their activity of creation (see sub-section c. below).

b. Diversity in the workforce

Women represent the largest share of graduates in the arts and humanities who then tend to work in CCS (evidence is showing that in some countries women are becoming increasingly attracted to these sectors).⁹⁴ However, men still account for the largest share of the EU cultural employment (53%). The share of women employment in CCS rises to over 60% in the Baltic countries where gender balance is achieved in total employment.⁹⁵ Despite the high number of women graduates in CCS-related disciplines, they are more often employed in low-paid jobs, struggle to advance their careers as artists, and/or in accessing decision-making positions due to stereotypes, which translate into persistent inequalities such as (horizontal and vertical) segregation patterns and/or the gender pay gap.⁹⁶ CCS have a crucial role in breaking through outdated and harmful stereotypes, and in promoting cultural diversity based on gender equality and beyond on representing the diversity of the European population in a positive manner. Media content for instance has been pointed out for stereotypical portrayal of women.⁹⁷ Recent research in the UK has measured gender imbalances in reporting on the creative industries using big data and machine learning to media articles across 20 years. Results show that the mention of women in the CCS rose from 28% to 40% in the period 2000-2018 and that words referring to creative achievements and leadership roles were more likely to be applied to men than

⁹¹ Creative Skills Europe <http://www.creativeskillseurope.eu/trends-in-europe/>

⁹² Eurostat (2016) Culture Statistics.

⁹³ ICF International, 'Analysis of the EU Audiovisual Sector Labour Market and of changing forms of employment and work arrangements', Presentation at the Audiovisual Social Dialogue Committee meeting, 26 February 2016

⁹⁴ European Institute for Gender Equality (2016), *Gender in Culture*.

⁹⁵ Eurostat (2016), *op.cit.*

⁹⁶ European Institute for Gender Equality (2016), *op.cit.*

⁹⁷ European Institute for Gender Equality (2013), *Review of the implementation of the Beijing Platform for Action in the EU Member States: women and the media*.

women.⁹⁸ New initiatives are emerging in the wake of the ‘Me Too’ movement that shook the audiovisual industry and society worldwide. At the European level, the European Parliament adopted a Resolution on gender equality in the media sector in 2017, followed by the Council of Europe Recommendation on gender equality in the audiovisual sector, and the 50/50 by 2020 movement launched at the 2018 Cannes festival, which called for film festivals to commit to collect gender-related data, to have more transparency in selection committees and programmes, and to establish a roadmap to achieve gender balance in festival executive bodies.⁹⁹ Stakeholders in the music industry are also taking a strong stand to improve gender equality, as demonstrated in the case study presented thereafter, which aims at increasing increase gender balance in music festivals and organisations.

Table 2: Case study: KeyChange, achieving gender balance in music festivals and organisations

KeyChange, achieving gender balance in music festivals and organisations	
CCS sub-sector	Countries
Music	UK, SE, EE, ES, DE, IS, CA
Related issue	
Gender issues and diversity	
Specific trend	
Achieving gender balance in festivals and music organisations	
Background	
<p>In the UK in 2017, women made up 26% of the line-up in a sample of large music festivals.</p> <p>However, awareness about the gender gap in music in all levels is increasing. This is why it is topical for men and women in positions of influence to promote role models, invest in emerging talent, recognise the barriers for women in a male dominated industry, and lead change for the benefit of all actors in the sector.</p>	
Description	
<p>KeyChange is the evolution of a European talent development programme for emerging artists and innovators led by PRS Foundation in partnership with Musikcentrum Sweden, Reeperbahn Festival, Iceland Airwaves, BIME, Tallinn Music Week, Way Out West, Liverpool Sound City and Mutek. It developed into a European project supported by the Creative Europe programme of the European Union with EUR 200.000,00.</p> <p>It aims to increase gender balance in festivals and organisations by:</p> <ul style="list-style-type: none"> - Creating a pledge to which festivals and organisations can sign to - Launching a manifesto with recommendations for a gender balanced music industry. <p>The project is planned for 5 years (2017-2022). The 50:50 pledge was proposed by KeyChange festival partners who wanted to show their serious commitment to gender equality in addition to offering showcasing opportunities to female talent, which are underrepresented in the music industry. Since then festivals from all over the world have signed up to the pledge making KeyChange a movement for positive change.</p>	

⁹⁸ Nesta (2019), She said more - Measuring gender imbalances in reporting on the creative industries, 22 July 2019 <https://www.nesta.org.uk/blog/she-said-more-gender-imbalances-reporting-creative-industries/>

⁹⁹ European Audiovisual Observatory (2019), Yearbook 2018-2019 – Key trends.

KeyChange collects data from partnered collective societies, investigations on gender equality led by music newspapers (Pitchfork; Music Business Worldwide), similar initiatives like the Anneberg Inclusion Initiative – a think tank which studies diversity and inclusion in entertainment – or DONNE-Women in Music, a platform promoting female composers set-up by a British record label specialised in classical music.

Results and outlooks

- 60 female artists and innovators advancing their careers through cross border collaborations and showcases;
- 7 festival partners leading the movement for progress, development and innovation;
- 130+ festivals from 23 countries are committed to our 50-50 gender balance pledge for 2022;
- 50+ events and panel discussions raise awareness and trigger debate;
- 40+ showcases events to present results;
- 10 Ambassadors and Inspiration Award winners from 6 countries;
- EUR 9.8 million of Advertising Value Equivalence of KeyChange media coverage.

The KeyChange network is growing and has recently included partners from Italy, Norway, France and Ireland. Beyond music festival, the KeyChange pledge is now open to any music organisations willing to take positive action towards gender parity in music including conservatoires, orchestras, broadcasters, concert halls, agents, labels, and venues.

References

<https://keychange.eu/>

[Keychange Manifesto](#)

c. Skills in CCS organisations

On the side of skills and business organisation, both the digital shift and globalisation have had a strong impact on cultural and creative operators. In a business-driven environment, they continually need to develop and adapt competences and contents to the rapid pace of the digital innovation combined with the competition of foreign markets. Digitisation brought about the transformation of production and development models as further detailed in section 2.4. The very structures of the CCS businesses and organisations have been transforming as well, integrating new tasks and roles whether to create new digital content, to explore new revenue streams or to find new ways to create and engage with audiences. This is why CCS' workforce increasingly requires a blend of creative, digital, managerial and entrepreneurial competences, coupled with soft skills to stimulate innovation across the board of occupations and within organisations.¹⁰⁰ While evidence has been produced on the positive impacts of the arts on health, well-being and social change (see section 1.2), artists and creatives have expanded the range of their work to integrate needs-based action between the arts, healthcare and social work.¹⁰¹

Artistic education nowadays reflects the hybrid nature of the artistic work associating creation, curation, production, marketing and social practices. Although educational institutions follow the development of the sector, structured dialogue with professionals in order to better prepare students

¹⁰⁰ Creative Skills Europe, *op.cit.*

¹⁰¹ Lehtikoinen, K. 'Setting the context: expanding professionalism in the arts – a paradigm shift?' in *Careers in the Arts: Visions for the Future*, NXT Project, 2018

for creative careers are still considered relatively rare.¹⁰² Research conducted in the performing arts and audiovisual sectors highlight national initiatives tested across Europe which could be inspiring for replication in other contexts: local businesses sitting on the academic board of a vocational school in the Netherlands, encounters between professionals and young graduates in the UK, regular meetings between education and professional stakeholders in the animation domain in France.¹⁰³ Experts also agree that retraining and lifelong learning will become more important to enable CCS professionals to continue to work and have rewarding careers.¹⁰⁴

d. Creative skills for societal development

The decline of artistic education both in its access and in the validation of competences could hamper the full development of creative skills not only for the CCS themselves, but also in society at large. It is a challenge with regards to audience engagement, especially of young (future) audiences, as well as in forming active and informed citizens in an era marked by the threat of online disinformation. CCS have an active role to play to stimulate critical thinking and reflection. The publishing sector is reportedly still perceived as trustworthy when it comes to combatting fake news. Indeed, reading long-texts enables cognitive achievements such as concentration, vocabulary building and memory, while digital reading tends to lead to more skimming and less concentration on the reading matter.¹⁰⁵ Italian press and book publishers recently decided to join forces in the initiative 'Gli Editori per l'Editoria', a common action framework to promote the freedom of expression and edition, innovation, reading and cultural growth, as well as the social responsibility of publishing companies.¹⁰⁶

The contribution of CCS to developing soft (problem solving, teamwork, communication...) and creative skills becomes even more critical in the age of Artificial Intelligence (AI) and the automation of work. Today's world and the future economy will increasingly rely on creativity and technology, requiring a balance of technical competences with an unprecedented level of moral complexity entailed by new technologies¹⁰⁷ in which ICT skills alone are not sufficient to thrive. Among the future transferable skills of employment, 'creativity' is considered as the most significant predictor for an occupation's chance of growing, as a percentage of the workforce by 2030.¹⁰⁸ While computers and robots are taking over routine tasks, there will be immense opportunities for people who combine creative, technical, social and emotional skills which are resilient to automation.¹⁰⁹ Moreover, our society already needs the social intelligence and critical thinking to accompany new practices marked by increasing human-machine interaction. Arts and culture, together with education can combine to promote an 'Internet of Citizens'¹¹⁰, dealing with the challenges and opportunities of AI in a human-

¹⁰² *ibidem*

¹⁰³ *ibidem*

¹⁰⁴ Future of Work Hub 2017. Report of the Future of Work Commission.

¹⁰⁵ Evolution of Reading in the Age of Digitisation (2018) 'COST E-READ Stavanger Declaration Concerning the Future of Reading' <http://ereadcost.eu/stavanger-declaration/>

¹⁰⁶ Federazione Italiana Editori Giornali (FIEG) & Associazione Italiana Editori (AIE), 19/06/2019 http://www.fieg.it/upload/salastampa/19%2006%202019%20Protocollo%20Aie_Fieg.pdf

¹⁰⁷ Bandelli, A. (2018), '4 ways art is sculpting the Fourth Industrial Revolution', World Economic Forum.

¹⁰⁸ Bakhshi, H., Downing, J., Osborne, M. and Schneider, P. (2017). *The Future of Skills: Employment in 2030*. London: Pearson and Nesta.

¹⁰⁹ Nesta (2018), *Creativity and the Future of Work*, Edited by Eliza Easton and Caroline Julian, Creative Industries Federation and Nesta.

¹¹⁰ The Committee of Ministers has adopted the Council of Europe's Recommendation CM/Rec(2016)2 on the Internet of citizens on 10 February 2016. This recommendation recognises digital culture as one of the key issues for modern cultural policy and promotes the human and cultural dimension of the internet as a counterbalance to the Internet of Things. The Recommendation aims to ensure that equal consideration is given to citizen involvement in the internet by the different stakeholders (governments, cultural institutions, professional cultural organisations), to avoid citizens being a means to an end. The text of the Recommendation is available at https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=09000016805c20f4

centred approach¹¹¹ equally respectful of EU core values (human dignity, freedom, democracy, equality, rule of law and human rights).¹¹²

2.4. New technologies: a game changer in CCS

Digitisation and the widening of internet access are having an important impact on the creative sectors. An increasing number of consumers have access to more (quality) creative content at lower costs, as content creators benefit from reduced production and distribution costs which have lowered barriers to entry and deliver content on a wider range of devices. The direct link with consumers has facilitated an increasingly competitive environment that has led to the developing of new business models in most of creative industries, along with new revenue streams for creators and rightsholders. Although the impact of digitisation is different from a creative sub-sector to another, digitisation and emerging technologies have generally brought substantial benefits to consumers by democratising their sources of information and creativity and to creators by orientating a growing proportion of revenue flow back to them, while making considerable progress in containing piracy via advancements in data compression and encryption.

In the audiovisual sector, traditional players have benefitted from new technologies along the value chain, from production to distribution. Digitisation has introduced new channels of distribution increasing competition in this section of the value chain. The internet has made possible direct interaction between content creators and their audiences, bypassing the traditional distribution and exhibition platforms and thus impacting broadcasting services (now broadcasters also offer content via online means - catch-up or on-demand services). Most importantly, Europe's high internet penetration rate¹¹³ has favoured the emergence of new players who deliver creative content in streaming without the traditional broadcast infrastructure (the over-the-top services).¹¹⁴ Moreover, EU's favourable regulatory environment,¹¹⁵ faster broadband and a high smartphone penetration rate of 84% have sparked a fast growth of the OTT sector in Europe in past years. Europe has currently 450 unique OTT providers¹¹⁶ (the largest number globally) who cover different revenue models such as SVOD, TVOD or AVOD.¹¹⁷ The revenues for OTT services in Europe reached €10 billion in 2017¹¹⁸, particularly driven by the penetration of the global SVOD player Netflix, whose subscribers numbers reached 29 million in 2017¹¹⁹ (more than triple from 2012 when it launched its services in UK and Ireland).¹²⁰ It is estimated that the European OTT services revenue will double by 2021¹²¹, as well as the number of European Netflix subscriptions by 2023.¹²²

Despite the surge of on-demand video services in past years, traditional broadcasting services still hold the lion's share in the European TV market in Europe. In 2018, 35% of the pay TV subscribers receive

¹¹¹ Council of Europe (2018), E-relevance of Culture in the Age of AI. Expert seminar on culture, creativity and artificial intelligence. Rijeka, Croatia, 12-13 October 2018 <https://www.coe.int/en/web/culture-and-heritage/-/e-relevance-of-culture-in-the-age-of-ai>

¹¹² Charter of Fundamental Rights of the European Union <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12016P/TXT&from=EN>

¹¹³ In 2019, the internet penetration rate in the EU (percentage of population who uses internet) is of 90.2% source: <https://www.internetworldstats.com/stats9.htm>

¹¹⁴ Oliver & Ohlbaum (2017) Associates and Analysis Mason, *The Impact of the Internet and Digitisation on the European Creative Sector*.

¹¹⁵ See the Digital Single Market Strategy, the renewed geo-blocking regulation.

¹¹⁶ Frost & Sullivan, *European Over-the-Top Video Services Market, Forecast to 2021*, 2017.

¹¹⁷ Video-On-Demand services let users view the content of their choice on demand at their convenient time.

¹¹⁸ Digital TV Research, *Eastern & Western Europe OTT TV & Video Forecasts*, 2017

¹¹⁹ Statista

¹²⁰ Frost & Sullivan, *op.cit.*, 2017.

¹²¹ *ibidem*

¹²² Statista

direct cable, 31% satellite and only 3% subscribed to OTT services.¹²³ In exchange, the OTT industry has become a thriving partner of the Pay TV networks and broadcasters, as the latter bundle their existing Pay TV package with VOD services, thus co-existing with OTT providers. The bundling is estimated to possess the highest market share by 2024.¹²⁴ However, SVOD packages are a lot cheaper than pay TV subscriptions, which put a strain on the former, as the licence cost for good television content is high. Consequently, OTT services are experimenting with other business models and revenue streams to keep up with the competition in delivering good customer experiences (until now no single provider has successfully delivered the optimal best user experience¹²⁵). It is estimated that, by adding live content in OTT services (news, sports etc), streaming-only subscriptions could grow by an additional 87%.¹²⁶ Another critical success factor for OTT services is to focus on producing local in-house content. Europe's cultural diversity is not only a challenge, but an opportunity for OTT players, as providing region-specific content in regional languages can act as a major advantage for content owners.

Digitisation has brought significant changes in the gaming value chain as well, cementing two new trends that reshaped the industry and its traditional business model. First, physical distribution has been gradually replaced by the digital distribution of games on the two traditional platforms (PCs and consoles) which led to cost efficiencies in production and distribution. Second, developers have started to self-publish their games online, which led to more focus on the development, rather than on the publication and distribution.¹²⁷ Digital platforms such as Steam or Humble Bundle give control over price and promotions to developers, who no longer have to compete for space in retail stores with large games publishers.¹²⁸

The gaming industry has been growing steadily in Europe in past years, reaching €20 billion in 2017 and being projected to grow to €22 billion by 2020.¹²⁹ This growth has been led by the development of new digital platforms, initially hosting browser-based. However, due to the development of mobile technologies and the multiplication of screens, mobile applications for gaming have started to develop at a very fast pace (see case study below). The mobile gaming segment is the fastest growing in Europe, predicted to expand at a CAGR of 9.6% over 2017 -2024. More than 60% of all the registered gaming companies in Europe are registered in the last 5 years boosted by the smartphone penetration. More than 30% of Europe's population plays games on their smartphones.¹³⁰

Digitisation and internet penetration have brought other revenue streams in the video games industry related to VR or an increased level of games interactivity. VR and AR technologies are important revenue growth sources for the existing digital games platforms. In 2017, there were almost 3.5 million owners of VR games.¹³¹ In 2016, the AR-enabled mobile game PokemonGo generated €423.5 million in revenues in the first 80 days using a freemium model and continues to generate approximately €1.8 million in daily revenues by the end of 2016.¹³²

¹²³ Broadband TV News, 'European pay-TV market reached 185m subs', <https://www.broadbandtvnews.com/2018/06/26/european-pay-tv-market-reached-185mi-subs-in-q1-2018/>

¹²⁴ Concentric, *The Future of Streaming Video: Will Over-The-Top Win? How the TV Industry Must Evolve*, 2019

¹²⁵ ibidem

¹²⁶ ibidem

¹²⁷ Oliver & Ohlbaum Associates and Analysis Mason, op.cit., 2017

¹²⁸ Matthew Handrahan, 'Developers can now see their own Steam sales', Games Industry Biz, 2014, <https://www.gamesindustry.biz/articles/2014-02-27-developers-can-now-set-their-own-steam-sales>

¹²⁹ European Video Games Industry, <https://www.isfe.eu/game-industry/>

¹³⁰ Goldstein Research, *Europe Games Market Outlook: Industry Analysis, Market Forecast 2016-2024*, 2019

¹³¹ Tristan Parrish, 'What Steam's Data Reveals About the Health of VR's Ecosystem?', VR Focus, 2017, <https://www.vrfocus.com/2016/07/what-steams-data-reveals-about-the-health-of-vrs-ecosystem/>

¹³² Oliver & Ohlbaum Associates and Analysis Mason, op.cit., 2017

Table 3: Case study: 'SUPERCCELL', the rise of mobile gaming: accessibility and the freemium model

SUPERCCELL	
CCS sub-sector Audiovisual, Video Games	Country FI
Related issue Digitisation, consumption and revenue models	
Specific trend Mobile games are driving revenues based on instant consumer experience and free-to-pay / freemium models	
Background <p>The mobile gaming market has become the fastest growing segment in the general video games market due to a number of factors, including easy accessibility (games are easily accessible on mobile devices, as apps), as well as an increase of the population owning a mobile device. In the span of only 7 years, the mobile gaming market has grown from the smallest video games segment in 2012 to account for 45% of the global market in 2019, reaching \$68.5 billion. This is an increase of 10.2% year-on-year. Of this, \$54.9 billion will come from smartphone games. The mobile games market is predicted to generate revenues of \$95.4 billion by 2022.¹³³ The most important driving growth factor is the rise of hyper-casual games (they saw a 350% rise in popularity in 2018),¹³⁴ which can be played in a freemium mode.</p> <p>Many gamers do not have much disposable income to spend on mobile games, resulting in considerably low average spend per paying gamer. Instead, these gamers pay with their time and attention and most revenue in the market is generated through in-app advertising (more than 50% of gaming revenues is supported by advertising within hyper-casual mobile games).¹³⁵ Moreover, for most casual gamers, even downloading an app is sometimes one-step too far. Social media platforms are experimenting with games that can be played instantly (without having to download them). The practice is very common on social networks in Asia, where Tencent in China, or Kakao in South Korea offer integrated games experiences in their apps.¹³⁶ In Europe this trend is just developing, however some European companies have already recorded great successes.</p>	
Description <p>Supercell is a mobile game developer based in Helsinki, Finland, with offices in San Francisco, Tokyo, Seoul and Shanghai, which produces games available for tablets and smartphones. Since its founding in 2010, Supercell has brought four games to the gaming market: Hay Day, Clash of Clans, Boom Beach and Clash Royale. Supercell develops free-to-play games that yield profits through the in-game micropayments (payable upgrades and resources that allow to extent the story and the gamer's experience) and in-app advertising.</p>	

¹³³ Newzoo, 2018 *Global Games Market Report: Trends, Insights and Projections toward 2021*, 2018

¹³⁴ Anchor Capital, 'The incredible rise of mobile gaming globally', 2019, <https://anchorcapital.co.za/the-incredible-rise-of-mobile-gaming/>

¹³⁵ Idem

¹³⁶ Newzoo, op.cit. 2018

The first game Supercell developed was Gunshine, which could be played on Facebook on a browser or on mobile operating systems. In May 2012, the company released Hay Day, which became Supercell's first international success. Within 4 months, the app was one of the most profitable games in Apple's App Store in the US, and one of the most profitable globally for 2 years. The game is maintained by a team of 14 people. Clash of Clans was released in August 2012. In 3 months, it became the most profitable app in the US, and in both 2013 and 2014 it was the most profitable mobile game in the world. By early 2013, the company was earning € 2.4 million per day, having just released 2 games. The third successful game, Boom Beach, was released in 2014. It rose to the top 30 of the most downloaded iPhone apps and in 2015 it surpassed Hay Day in the charts. In March 2016 Supercell released Clash Royale, the fourth international success, rated amongst the highest grossing game apps in 2016.

The four internationally released games (Hay Day, Clash of Clans, Boom Beach and Clash Royale) are available on Apple's App Store and Google Play for both Apple IOS and Android operating systems. All are strategy games, which can be played in multiplayer mode. All games except Clash Royale are freemium games.

Supercell changed strategy after realising that the cross-platform game Gunshine was not more successful than other Facebook games. The company focuses on the tablet, as the ultimate game platform.

Results and outlooks

In 2016, Supercell had 100 million daily active players across its four games globally. The producing company was ranked the world's 5th largest mobile game creator in 2017, down from No.2 in 2016, based on revenue collected on Apple's App Store and Google Play.

The main reason for its success is the focus on a specific platform for game developing, as Supercell focuses on the tablet after having dropped the cross-platform game model. Another reason for success is its specific human resources structure, the 'cell' – which focuses on quality over quantity of employees and empowers the employees to assume ownership of both success and failure. Staying small and agile is the core part of Supercell's philosophy and one of its most important success factors.

On 21 June 2016, the Chinese tech giant Tencent acquired 84,3% of Supercell with \$8,6 billion. In 2016, it became the first European tech start-up to reach a valuation of \$10 billion. In 2018, Supercell will look for new growth opportunities in China and Asia.

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<https://www.forbes.com/sites/karstenstrauss/2013/04/17/is-this-the-fastest-growing-game-company-ever/#ccc4677392c7>

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<http://uk.businessinsider.com/>

<https://www.wsj.com/>

The book publishing industry was one of the first creative industries to feel the impact of digitisation (along with the music industry), due to the disruption in retail, in terms of both supply and demand.

Amazon set up the business model of online book retail which changed the way books were discovered and sold, before technological advances disrupted reading habits through the emergence of eBooks. Digitisation favoured disintermediation in the publishing sector as well, as authors are now empowered to publish and distribute their own writings more cheaply and with less risk, competing more directly with publisher-led channels.¹³⁷ However, traditional publishing is still the dominant route in the books value chain, whereby an author gives up control on their work in exchange for editorial, design and marketing services, translation and support to new formats (e.g. audiobook). This traditional route has left unchanged by digitisation, but the attractiveness of self-publishing has augmented significantly.

In terms of revenues, the period between 2011 and 2014 has seen a decrease in total book publishing revenues across Europe characterised by falling revenues from print and audio books (of 4.6% per year) which were not compensated by the growth of digital (eBooks) over the same period.¹³⁸ In 2015, print and audio revenue started growing again (with 1.4% year-on-year). Digital revenues continued to expand by 20% in 2015, followed by a stagnation period between 2015 and 2017.¹³⁹ In 2017, digital revenues represented around a fifth of all book sales in Europe.¹⁴⁰ This marks a preference of European readers for traditional print books, showing that the print book industry may have arrived at a new equilibrium despite the digital shift.

Digitisation has also impacted other cultural sectors, such as the visual and performing arts. It is transforming working processes and operations, such as audience development, ticketing and communication. Virtual and augmented reality which largely rely on design, moving images and storytelling are increasingly used in giving life to heritage sites across Europe (or in combination with heritage film) as a strategy to revitalise regional tourism.¹⁴¹ The digital environment has enabled new development opportunities, for example in data-driven marketing or live streaming, and has offered new perspectives of creation with works specifically curated for the online environment,¹⁴² as well as new revenue streams for digital art (see case study below).

¹³⁷ Oliver & Ohlbaum Associates and Analysis Mason, *op.cit.*, 2017

¹³⁸ *ibidem*

¹³⁹ Federation of European Publishers, *European Book Publishing Statistics 2017, 2018*

¹⁴⁰ Statista

¹⁴¹ See COSME funded project FAMOUS – Film Festivals and Movie Tourism across UNESCO sites (2018-2019) <http://www.movietravel.eu/>

¹⁴² Creative skills Europe (2019), *op.cit.*

Table 4: Case study: Artivive, bringing art to life with Augmented Reality

Artivive, bringing art to life with Augmented Reality	
CCS sub-sector	Country
Visual arts	AT
Related issue	
Digitisation and emerging technologies	
Specific trend	
Using AR to create new art, engage with audiences and find new revenue streams	
Background	
<p>Virtual reality (VR) and augmented reality (AR) are considered today as a significant part of technological advancements and innovation, and as such are a growing sector of interest for the CCS.</p> <ul style="list-style-type: none"> • VR creates an artificial environment which immerses users by making them feel that they are experiencing a real environment. VR can be fully-immersive, non-immersive, semi-immersive or distributed. • AR uses a computer-simulated reality, or the recreation of a real-time environment, to embed users directly into a computer-simulated virtual environment. AR technology can be mobile based, wearable, vision or spatial. <p>VR and AR are growing, improving in quality, and increasingly applied in various sectors such as health, education, and CCS. Their growth is driven by the decreasing cost of hardware and increasing smartphone demand. It is expected that the development of computer graphic systems will play a significant role in strengthening the market.</p> <p>The global virtual and augmented reality (VR and AR) technologies market should reach \$142.4 billion by 2023 from \$13.4 billion in 2018 at a compound annual growth rate (CAGR) of 60.4% for the period 2018-2023. The gaming segment of global VR and AR technologies market is expected to grow from \$5.3 billion in 2018 to \$47.2 billion in 2023 at a CAGR of 54.9% for the period 2018-2023. However, weak VR content, technological challenges, lack of VR familiarity, potential health effects of long-term use, social and privacy issues are some of the major hurdles for the VR and AR market to be massively adopted.</p>	
Description	
<p>Artivive is an AR tool created by an Austrian start-up that allows artists to create new dimensions of art by linking classical with digital art. Artivive is reacting to the trend of digitization of content in museums and exhibition areas. Its founders aim to "open up a new dimension of art with our tool, and give artists and museums the opportunity to combine analogue and digital art. The areas of application are diverse".</p> <p>For museums, exhibitions, galleries and other art institutions, Artivive offers a new and innovative way for the audience to interact with the exhibits. Visitors can use their own smartphones or tablets in order to experience the layer of augmented reality. Artivive provides a twofold solution: the Artivive App, a visualization component and the Bridge by Artivive, the digital creational component.</p>	

Results and outlooks

Two years after its creation, Artivive counts more than 13.000 users creating art with their technology. The company has held exhibitions in 75 countries, including the Albertina Museum in Vienna (creating digital content for the exhibition "[Film Stills](#)"), and integrating AR experiences to the permanent collection "Monet to Picasso – The Batliner Collection" for the Belvedere Museum, also in Vienna, with AR experiences to their exhibitions. Artivive was also featured in the exhibition "[100 Best Posters 17 - Germany Austria Switzerland](#)" at the MAK – Austrian Museum of Applied Arts / Contemporary Art, in Vienna. In 2018 Artivive partnered up with [viennacontemporary](#) and [mumok](#) – Museum of Modern Art for the [LIVING IMAGE](#) special programme during Vienna Contemporary International Art Fair in 2018. At the international level, Artivive collaborated with the [Shanghai Himalayas Museum](#) and the [Ying Art Center](#) in Shanghai, the [MIT – Massachusetts Institute of Technology](#), the Ilmin Museum of Art in Seoul and the Leica Gallery in Singapore.

The team counts 25 employees, of which half are women, in Vienna, Beijing and Tel Aviv, as well as sales partners in Mexico and Mongolia.

Since January 2019, Artivive is the first Austrian start-up to join the renowned Berkeley SkyDeck accelerator programme. In parallel, Artivive is also intensifying its existing partnership with the Romanian software developer, Reea.net.

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<https://artivive.com/>

Collaboration between CCS and new technologies allows for the protection and promotion of the European diverse cultural heritage. Since immovable cultural heritage like monuments, historical buildings and archaeological sites are particularly vulnerable to threats which are difficult to predict or prevent, digitisation, online accessibility and digital preservation are of foremost importance. Member States are increasingly working to make the most of digital technologies to record, document and preserve European cultural heritage, especially using 3D digitisation tools, and to make it available online. In that respect, more than two thirds of Member States promote preserving the public domain status of digitised cultural heritage material through various initiatives.¹⁴³ This means that the material does not have copyright protection and can be used without restriction¹⁴⁴ for a creative use, for instance in video games, design or fashion.

Creativity and technology have the potential to lead responsible, human-centric innovation contributing to societal development goals. Activating various disciplines around the use of technology can inspire new methods for urban planners, architects, engineering firms, tech companies and creatives to create meaningful spaces, products and services, for example in architecture: 'Using digital technology to create value-based, human-centred, sustainable urban spaces might not be common practice (...) just yet – but it is on the horizon.'¹⁴⁵ The challenge is to go beyond the provision

¹⁴³ European Commission (2019) *Cultural Heritage: Digitisation, Online Accessibility and Digital Preservation*

¹⁴⁴ Either because copyright protection has expired or because works were not covered by copyright at a first place.

¹⁴⁵ Ars Electronica "We need to upscale": How architecture, behavior and technology blend, Interview with Liselott Stenfeldt, 02/01/2019 <https://ars.electronica.art/aeblog/en/2019/01/02/prix-bloxxhub-interactive-intro/>

of services by CCS to support or trigger innovation in other sectors, and to create conditions for co-creation and cross-innovation in new partnerships.

The development of AI also has a significant impact on the CCS, as it helps creators effectively match content with audiences by learning and classifying users' preferences and therefore recommending tailored content, especially in the music and audiovisual sub-sectors, but also in publishing. AI is also used to create content in music, film, art or fashion or to complement human production with difficult or repetitive tasks.¹⁴⁶

Since AI currently works with large sets of data to find patterns and use them to create new data (machine learning), access to datasets from consumer's side becomes very important for all AI interventions (from recommending tailored content to create new creative content). This trend towards a data-driven technology industry could threaten human science and experience-based industries.¹⁴⁷ Moreover, it generates increasing concerns over consumers' privacy, as anonymised data can easily be de-anonymised by AI and used for tracking, monitoring and profiling persons, as well as predicting behaviours. AI systems can be used to generate large surveillance networks.¹⁴⁸ Europe's General Data Protection Regulation (GDPR), the privacy legislation that went into effect in May 2018 represents the first large-scale effort in the world to offer consumers more legal protections.¹⁴⁹ An effective regulation of AI advances must ensure the transparency of AI systems, the limitation of data collected and the consumers' possibility to opt out of the system, as well as the deletion of data upon consumers' request.¹⁵⁰

Not only are the CCS innovating to be able to evolve in a technological environment where AI is becoming a central piece, but artists and creative professionals may be called upon to influence the very development of this technology. In fact, AI and its related imaginary derive from European culture, with creators and artists speculating about future automated societies in science fiction works. It is perceived that CCS provide insight, through critical creative productions and through a reflexive and holistic approach, about our common technology-influenced future. In doing so, CCS open the way for non-standardised, alternative development models characterised by 'transparent, open, participative, shared, non-normalised, quality-content based, decentralised, de-monopolized infrastructure (data sets, sources, search/filtering machines, processes)', to balance business and political interests in future European democracies.¹⁵¹ The arts may thus be expected to play a decisive role in addressing the 'human challenge' for AI, bringing a user-centric perspective and allowing AI to develop in a way that serves human needs. With creativity considered as decisive for Europe in leading on human-centred AI; CCS have already shown their readiness to contribute to the debate.¹⁵² Consequently, this can suggest that CCS need to be part of a European dialogue on AI and big data in the information society,

¹⁴⁶ World Economic Forum and McKinsey & Co, *White Paper on Creative Disruption: The impact of emerging technologies on the creative economy*, 2018.

¹⁴⁷ Digital Single Market 'Computer science in music: interview with François Pachet, director of the Spotify Creator Technology Research Lab' 28/08/2018 <https://ec.europa.eu/digital-single-market/en/news/computer-science-music-interview-francois-pachet-director-spotify-creator-technology-research>

¹⁴⁸ Forbes Insights Team, 'Rethinking Privacy for the AI Era', Forbes, 2019, <https://www.forbes.com/sites/insights-intelai/2019/03/27/rethinking-privacy-for-the-ai-era/#458c95347f0a>

¹⁴⁹ Regulation EU 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC

¹⁵⁰ Forbes Insights Team, op.cit., 2019

¹⁵¹ Council of Europe (2018), 'E-relevance of Culture in the Age of AI'. Expert seminar on culture, creativity and artificial intelligence. Rijeka, Croatia, 12-13 October 2018 <https://www.coe.int/en/web/culture-and-heritage/-/e-relevance-of-culture-in-the-age-of-ai>

¹⁵² Roberto Viola, 'Artificial Intelligence – The next frontier', 24/10/2018 <https://ars.electronica.art/aeblog/en/2018/10/24/artificial-intelligence-the-next-frontier/>

and on the preservation of their role in stimulating the active engagement and creativity of European citizens.

A EU fairer digital market place for CCS is yet to be established, however there have been positive developments in what concerns the limitation of piracy (as explained above) and the restructuration of the legislative environment to better fit the current digital realities. In this regard, the revision of the Copyright Directive finalised in 2019¹⁵³ aims to ensure that the longstanding rights and obligations foreseen by the copyright law also apply to the internet. The legislative changes have been welcomed by the majority of CCS stakeholders across Europe, while the global digital players, internet activists, European technology start-ups and the European Consumers Organisations opposed the overhaul, stirring debate around the obligation foreseen for YouTube, Facebook and other sharing platforms to install filters for copyright violations known as Article 13. Critics believed the filters were costly and that they would lead to erroneous blocking, thus endangering people's freedom of expression. The overhaul of the Directive was voted and the implementation of the Directive remains to be taken up by EU Member States. It also remains the responsibility of competition policy to take a role to ensure a fair playing field, preventing mergers and acquisitions that could be detrimental to the creative ecosystem.

2.5. Audiences and cultural participation

Technology challenges and renews relationships with traditional and new audiences. ICT provides new tools for the creation, production and distribution of cultural and creative content, but what primarily it has changed is the way people access, use and consume it. This digital shift has influenced access to culture and participation,¹⁵⁴ bringing opportunities and challenges with regard to both cultural production and consumption, by transforming citizens from consumers to prosumers and compelling consequently the cultural institutions to seek new, different and innovative tools and methods in order to attract (and re-attract) old and new audiences.

The 2013 Special Eurobarometer 399 in combination with the data available from 2007 and 2011 provided in the Eurostat 2016 edition indicate the size of cultural participation in terms of consumption in the main cultural domains.¹⁵⁵ Accordingly, radio and television cultural programmes remain the most popular ways in accessing culture across all age groups, followed by reading books and going to the cinema. In the domain of reading books, there are no striking differences across age groups, although in certain European countries book fans are more numerous among younger people than older such as Malta, Greece and Romania. On the contrary, going to the cinema, theatre and live performances were the cultural activities for which people showed an increased interest between 2007 and 2013. An increase of population that goes to the cinema has been recorded in countries such as Estonia and

¹⁵³ Council of the European Union, Press Release, 'EU adjusts copyright rules to the digital age', 2019, <https://www.consilium.europa.eu/en/press/press-releases/2019/04/15/eu-adjusts-copyright-rules-to-the-digital-age/>

¹⁵⁴ There is a confusion around the terms access and participation in culture, two concepts that are closely linked. In particular participation to cultural life has two aspects: a passive one which refers to consumption/use of cultural offer and attendance, as well as an active one which entails involvement in the creative processes, engagement in decision-making, management and organization of cultural offer and finally artistic practise and co-creation. Access to culture is defined as enabling and reaching new audiences to benefit from the available cultural offer and is considered as fundamental precondition for both aspects of cultural participation. Further on the terminology see: [http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/608631/EPRS_IDA\(2017\)608631_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/608631/EPRS_IDA(2017)608631_EN.pdf). For the purposes of this study, alongside with the Eurostat methodology, we also take into consideration the ICET-model on cultural participation, as proposed by the ESSnet-Culture 2012 final report based on the trends resulted from digital developments: https://ec.europa.eu/assets/eac/culture/library/reports/ess-net-report_en.pdf#page=402

¹⁵⁵ Special Eurobarometer 399 (2013) Cultural Access and Participation http://ec.europa.eu/commfrontoffice/publicopinion/archives/ebs/ebs_399_en.pdf and Eurostat (2016) Culture Statistics 2016 Edition <https://ec.europa.eu/eurostat/documents/3217494/7551543/KS-04-15-737-EN-N.pdf/648072f3-63c4-47d8-905a-6fdc742b8605>

Lithuania, while participation in this particular activity was generally highest among people aged 25-34. Finally, visiting cultural sites has met a noteworthy decrease in most of the Member States and in particular in Slovakia and Romania, while it belongs to the cultural activities with the less concentration in the youngest age group. However, looking at the overall cultural engagement in terms of consumption and attendance, the Eurobarometer 399 reveals that high and very high levels of participation have dropped from 21% in 2007 to 18% in 2013, while medium levels from 49% to 48%. It has been suggested that this drop in cultural participation levels is linked to the reduction of available money or time of the European citizens spent for cultural activities, while lack of interest, especially among young people is cited as the main reason for not being culturally engaged, a phenomenon strongly correlated with the education level.¹⁵⁶

On the contrary, with 67% of individuals in the EU using the Internet for reading books, newspapers and magazines online, more than half (51%^o) for playing or downloading games, images, films and music and 31% listening to the web radio, the digital transformation of cultural consumption is a fact. The differences by age group are particularly marked in 2014 where internet was used for playing or downloading videogames, streaming films and music by 76% of young people aged 16-24 in the EU and by 30% of people aged 55-54.¹⁵⁷ Additionally, a significant increase has been estimated regarding the use of mobile/handheld devices for cultural purposes and in particular across the internet users in EU that read or download online newspapers and magazines (51% in 2012). Consequently, this can suggest that digitalisation can be described as the main mean of democratisation of the cultural and artistic offer overcoming any physical or geographical barriers that prevent access to culture and providing an enormous reservoir of cultural content to media users. Moreover, this burgeoning cultural content offer has transformed many of the media users from information receivers to information producers, providing to cultural participation a more active character. This active cultural participation goes beyond the passive absorption of cultural stimuli, since individuals are motivated to use their skills or obtain new skills in order to contribute to the creation process.¹⁵⁸ This transition seems to primarily concerns young people that beyond having the possibility to add their own information to the web, they write their own articles, create reading circles through social network platforms or even produce their own music via mobile phones. In this particular respect, researchers refer to the rise of a global 'mobile youth culture' in which young people find through mobile communication an adequate form of expression and reinforcement.¹⁵⁹ By developing these new forms of cultural habits through mobile technology, young people are managing to build both individual and collective identities. Simultaneously, concerns are being expressed with regard to the limits of the digital cultural participation in terms of social and well-being impacts by contrast with in-person cultural engagement.¹⁶⁰

Furthermore, digital technologies move individuals, and primarily young people, away from the traditional socio-cultural structures and detached cultural participation from fixed locations, namely the traditional cultural institutions. This development led the latter to increase their efforts in finding new approaches and methods for attracting audiences and capturing their attention. For instance, new and more personalized experiences are proposed like using AR and VR in museums or in the cinema

¹⁵⁶ Special Eurobarometer 399 (2013), op.cit

¹⁵⁷ Eurostat (2016), op.cit

¹⁵⁸ Sacco P.L., Ferilli G. Blessi G.T (2018) From Culture 1.0 to Culture 3.0: Three Socio-Technical Regimes of Social and Economic Value Creation through Culture, and their impact on European Cohesion policies. <https://pdfs.semanticscholar.org/79b5/8704f8a4a6db4e54528ad0788e53fc649567.pdf>

¹⁵⁹ ESSnet Culture Final report (2012): https://ec.europa.eu/assets/eac/culture/library/reports/ess-net-report_en.pdf#page=402

¹⁶⁰ Culture Action Europe (2018) Background Note Access to Culture. <https://cultureactioneurope.org/advocacy/cae-reflection-on-structural-and-financial-barriers-to-access-to-culture/>

experience. Moreover, cultural institutions try to renew their role as places for the hybridisation of cultural and creative practices. Cinemas, for example, are being reinvented as social and creative spaces, innovating in their approach to audiences (using social media to federate a community of volunteers and users of the space), in their content offer (screening series or organising video games sessions in addition to feature, short and animated films), and in their use (for instance incorporating fab-labs facilities and creative workshops).¹⁶¹ Museums, theatres and performing arts venues are experimenting in active participation of the audience by encouraging their involvement in the selection of artistic programmes, in marketing and communication strategies (see the case study presented below), while festivals are discovering new forms of content offer, exploring the relationship between art, science and technology and making full use of the new digital tools.¹⁶²

Table 5: Case study: Involving young audiences in leadership and decision-making of cultural venues

'Contact' – Contemporary theatre and arts venue: 'Future fires' and 'The Agency' flagship programmes	
CCS sub-sector Performing arts	Country UK
Related issue Audience development - youth cultural engagement - bottom-up capability building and creation	
Specific trend Young people cultural participation and active involvement in the leadership and decision-making in cultural institution	
Background Activating the audience and in particular the young aged one is one of the key words of the new approaches in cultural participation. Many cultural institutions refer to the need to involve the audiences in a more interactive, purposeful and meaningful way, by being part of the creative processes and contribute to the implementation of projects and tasks. ¹⁶³ Additionally, the new generation of participatory cultural projects based upon bottom-up creation is considered to be more effective in terms of responsible re-appropriation of community assets and local identity building.	
Description Contact is a national theatre and art venue based in Manchester. Its programme consists of contemporary theatre, dance, live art, spoken word, cabaret circus, comedy and music that it is primarily produced, developed and managed by young people aged 13-30 (70% under 30 and 40% ethnic minorities). Main missions of Contact are: - a young people centred approach in decision making and art programming;	

¹⁶¹ Arnal, M. & Salson A. (2016), *The emerging practices of cinema exhibition in Europe*.

¹⁶² European Commission (2017), *How to place audiences at the centre of cultural organisations: final report – Study on audience development*. <https://publications.europa.eu/en/publication-detail/-/publication/cc36509d-19c6-11e7-808e-01aa75ed71a1>

¹⁶³ European Commission (2017), *op.cit*

- the development of new artists, creative leaders and audiences, working in particular with people that they have never been engaged in theatre and arts;
- fostering the diversity among communities.

Through its flagship programmes 'The Agency' and 'Future fires', Contact equips young people with financial and managerial skills in order to deliver cultural projects such as podcasts for young people of colour, theatre workshops for young mums and toddlers, or workshops for young people on the autism spectrum. In the 'Agency' project young participants use a theatre-based methodology in order to develop social enterprises and start-ups mostly in deprived areas of Manchester (e.g. baking project for families accessing food banks, a book-share programme for young people in care, a methodology for teaching English as a foreign language through five-a-side football).

Results and. outlooks

The two flagship projects of Contact have engaged over 6.500 participants and reached over 12.000 audience members. Both projects had a profound impact on young participants by increasing their confidence and communication skills.

The Agency project's participants have spoken at the House of Parliament, while 24 out of its 30 funded projects are still running.

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<https://contactmcr.com/about-us/>

2.6. European CCS in an international environment

The outlook on the creative economy worldwide shows an expanding and resilient sector. According to the United Nations Conference on Trade and Development (UNCTAD) latest report, the global market for creative goods has more than doubled in size from USD 208 billion in 2002 to USD 509 billion in 2015 with an average growth rate of more than 7%. The report notes however a worsening situation in market conditions between 2014 and 2015 consistent with a general slowdown in global merchandise trade. Regarding creative services, developed countries have performed an annual growth rate of 4.3% between 2011 and 2015 which represents more than double that of all services driven by the digital (especially e-commerce) and sharing economies.¹⁶⁴

In 2014, the EU's cultural goods trade balance switched from a trade deficit of EUR 2,068 million in 2008 to a trade surplus of EUR 1,857 million as a result of an increase in exports (from EUR 10,535 million to EUR 12,725 million) and a decrease in imports (from EUR 12,603 million to EUR 10,868 million).¹⁶⁵ The EU28 is the largest exporter of creative goods among developed regions with France, Italy, United Kingdom, Germany, Netherlands, Poland, Belgium among the top ten creative goods exporters. Eastern Europe is emerging as a creative hub for video games with top developers and digital animation professionals in Romania, Poland and Bulgaria, enhancing the technological competitiveness of the region.¹⁶⁶

¹⁶⁴ UNCTAD (2018), *Creative Economy Outlook: Trends in international trade in creative industries*, UNCTAD/DITC/TED/2018/3, Geneva.

¹⁶⁵ Eurostat (2016) *op.cit.*

¹⁶⁶ UNCTAD (2018) *op.cit.*

On a national basis, the United States still dominate the developed regions group of top creative goods exporters but the world's largest exporter and importer of creative goods and services is China¹⁶⁷ The country has been dominating international trade in creative goods combining sustained growth over the past three decades, a shift towards global production and a pivotal role in sustaining the regional and global creative market. Its exports of creative goods have grown at twice the global average between 2002 and 2015. Asia as a whole is becoming a powerful creative region with China (including Hong Kong and Taiwan), India, Singapore, Thailand, Malaysia and Philippines in the top ten developing countries for creative economy, but its global performance is driven by China.¹⁶⁸

The demand for creative content is rising globally, especially for on-demand services. The VoD global market is expected to reach \$94 billion by 2023 at a CAGR of 8.93% (in 2017 the market was valued at \$56.26 billion)¹⁶⁹, representing an opportunity for European CCS. Large markets such as China have already expressed an interest in European productions as demonstrated by the latest figures from film admissions. Admissions to European films outside Europe reached a peak at 97 million in 2017, compared to 82 million in 2016. This increase was driven by the Chinese market, and linked to the fact that five European blockbusters accounted for more than five million tickets.¹⁷⁰

Characterised by an important number of independent operators, the European CCS are threatened by international corporations taking over the EU market. The music industry for instance, is marked by the internationalisation of concert promoters such as Live Nation and AEG. These two American-based companies, world leaders of concert promotion, are expanding their market share by either buying prominent national festivals (e.g. Rock en Seine in France) or by internationalising festival brands (e.g. Lollapalooza). This has a consequence in the increase of the headliners' fee while artistic fees of emerging artists are decreasing.¹⁷¹ Recorded music for its part, is now more globalised than ever through widespread digital distribution. There is a parallel increase of music productions due to multiple production possibilities (e.g. home studios), and easier licensing possibilities (via online music distributors such as Tunecore or iMusicians). However, the remuneration logic of digital platforms leads to the concentration of revenues on the top-hits (see section 2.1). It is also more difficult for smaller artists to generate income as the amount of money garnered through subscription is pooled together and then paid to artists depending on their total streams and terms negotiated.¹⁷²

As shown in the case study presented below, in the publishing sector, Europeans are starting to develop new services to counter the influence of foreign systems such as the American e-reader kindle powered by Amazon.

¹⁶⁷ *Ibidem*

¹⁶⁸ *Ibidem*

¹⁶⁹ Market Research (2018) *Future Over the top Content Market Research Report Global Forecast, 2018.*

¹⁷⁰ European Audiovisual Observatory (2019) *op.cit.*

¹⁷¹ Olivier Richard, 'Le concert à l'âge industriel', *Libération*, 16 November 2018. Available online https://next.liberation.fr/musique/2018/11/16/le-concert-a-l-age-industriel_1692538

¹⁷² Victor Luckerson, 'Is Spotify's Model Wiping Out Music's Middle Class?' *The Ringer*, 16 January 2019. Available online <https://www.theringer.com/tech/2019/1/16/18184314/spotify-music-streaming-service-royalty-payout-model>

Table 6: Case study: Tolino e-Reading made in Germany

Tolino e-Reading made in Germany	
CCS sub-sector Publishing	Country DE
<p>Related issue Global competition in digital e-books</p> <p>Specific trend Providing an e-reading solution for the European book industry,.</p>	
<p>Background</p> <p>User penetration of e-books is expected to grow at a significant rate recording a CAGR of 3.3% during the forecast period of 2018-2023.¹⁷³ Europe is the second highest market share in the global e-books market, with increasing prominence of e-books in the UK, Germany and France.</p> <p>The global e-book market is highly fragmented with many independent authors and publishers. Dominant players in the global e-book market are Amazon Kindle Direct Publishing (KDP), Apple's iBooks Author, and Smashwords Inc. To increase their domestic market shares, they adopt strategies such as joint-ventures and partnerships with small and regional publishers.</p>	
<p>Description</p> <p>The Tolino brand is backed by an alliance of leading German booksellers: Thalia, Weltbild, Hugendubel, Mayersche Buchhandlung and Osiander, as well as Libri with some 1,500 linked and independent bookstores across Germany, eBook.de and recently the Canadian Rakuten Kobo Inc. as the technology and innovation partner (substituting Deutsche Telecom).</p> <p>Aiming to prevent German e-book readers from using international competitor's products and services (mostly Amazon's KDP), Tolino developed its own series of e-readers and tablet devices, as well as a platform of linked and independent bookshops (Tolino cloud): Tolino has managed to offer a comprehensive digital reading platform across Germany. Internationally, Tolino has increased its prominence by Dutch and Italian bookstores in its group, expanding its offer.</p> <p>In 2015, Tolino alliance introduced a platform, which apart from publishing houses and aggregators, includes a self-publishing platform (Tolino Media), enabling authors to market their portfolio through its sales partners and advertise accordingly.</p>	
<p>Results and outlooks</p> <p>There is no data available regarding Tolino market share globally in comparison to its competitors however, latest data from Germany show that Amazon is estimated to own roughly half of the e-book market, followed by the Tolino alliance of the two largest book chains, Thalia and Weltbild-Hugendubel at 34%, and Apple at 10%.</p> <p>Tolino Alliance has managed to surpass the U.S Amazon Kindle only in 2014 with 45% market share. The initiative demonstrates a good attempt at providing a national product to</p>	

¹⁷³ Mordor Intelligence (2019), E-Book Market - Growth, Trends, and Forecast (2019 - 2024) <https://www.mordorintelligence.com/industry-reports/e-book-market>

counterbalance the American offer, however it has not yet reached sufficient scale (even at European level).

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<https://mytolino.com/>

<https://www.kobo.com/news/change-in-technology-partner-at-the-tolino-alliance>

https://www.wischenbart.com/upload/the_global_ebook_report_fall2013_final04-2edi_pdf.pdf

In the context of increasing numbers of fluid cooperation models of peer groups and cultural networks, including beyond the European area,¹⁷⁴ ‘hypermobility’ becomes a social and economic condition in the CCS,¹⁷⁵ despite the fact that needs and opportunities differ across sectors, professional status and career stages. Due to increased competition generated by the emerging economies, cultural professionals need to develop financial and managerial skills in order to scout new professional opportunities abroad and unlock funding.¹⁷⁶

Nevertheless, CCS operators struggle to internationalise their operations, as obstacles limiting their mobility remain. These are financial obstacles linked to the costs of mobility (e.g. travel, residence, conference fees), regulatory obstacles due to the lack of harmonisation and adaptation to the needs of CCS, hurdles related to changing political climate which might affect funding and finally the fact that a cohesive approach to mobility at EU level is still in the making.¹⁷⁷

Previously limited to or understood as artistic residences abroad, the mobility of CCS professionals is rapidly evolving to adapt to the social and economic context. A number of factors drive changing patterns in CCS international mobility.¹⁷⁸ Firstly, cross-disciplinary collaborations are increasing in creative partnerships involving various stakeholders from businesses, environmental organisations, schools, local governments which transform the nature of international collaborations. Furthermore, mobility and/or international operations can derive from domestic economic constraints linked to a fragmented labour market (see section 2.1) and atypical forms of work (see section 2.3) favouring mobility. International operations are also directly affected by rising nationalism and xenophobia, and the perception of migration as a security threat, which restricts movement of CCS professionals, and may be perceived as a threat to freedom of artistic expression. New technologies bring new formats of working with online communications, (live) streaming, virtual residencies, and at the same time require new professional skills that can be acquired or found in international collaborations. In addition, the environmental impact of international mobility (see section 2.7 below), as well as ethical and value-based considerations are ultimately transforming international operations in CCS. Such endeavours should consider the social and economic imbalances in which international networking takes place, as well as pay attention to diversity, openness and transparency in cultural exchanges.¹⁷⁹

¹⁷⁴ Working Group of European Union Member States Experts (2012), *Building a strong framework for artists’ mobility: Five key principles*, Brussels

¹⁷⁵ Bernava, S., Bertacchini, E., *Artistic mobility, Views from European Cities and Artists*, Turin 2016

¹⁷⁶ KEA (2018), Study for the European CULT Committee, *op.cit.*

¹⁷⁷ For a complete overview of mobility and challenges for CCS operators, refer to KEA 2018, Research for CULT Committee – *Mobility of artists and culture professionals: towards a European policy framework*, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels

¹⁷⁸ I-Portunus project (2019) *Operational study Mobility Scheme for Artists and Culture Professionals in Creative Europe countries*.

¹⁷⁹ Dutch Culture (2018) Report on Fair International Cultural Cooperation.

2.7. Environmental challenges and CCS

As a powerful creative, innovative, fast-moving sector, the CCS can get people engaged to create a new ecosystem, develop sector specific sustainable practices and learn how to thrive in a sustainable, low carbon consuming way.¹⁸⁰ CCS can contribute to raising awareness on environmental issues and inspire individual and societal change. Artists, designers, writers, performers etc. have been exploring the topic, engaging the public to question the risks, responsibility, possible futures and solutions to climate change. In doing so, they can stir the emotion, imagination and minds of audiences to trigger personal engagement with actions around sustainability and the environment.

A recent study about activist art and climate change at the time of the 2015 United Nations climate change conference in Paris suggests that art can even be an effective form of activism. Researchers have established a relationship between positive emotions generated by the compelling works with reflection and awareness of their role in climate change. Artworks calling attention to a problem and offering hope for a solution have proved to leave viewers more inspired and enthusiastic about climate action according to the study.¹⁸¹

Thanks to their ability to think creatively and in a user-centred way, the CCS can also support other sectors in their ecological transition (e.g. ClickNL¹⁸² in the Netherlands has been running a four-year programme for the manufacturing industry to work in collaboration with creatives in order to adopt circular economy methods, showing positive effects).

Nevertheless, CCS practices and use of materials can have negative implications for the environment (e.g. production techniques and waste management in fashion and design industries, architecture, film set and props, transport for touring production and large-scale festivals). A 2011 Edinburgh Festivals Impact Study which attempted to measure the environmental impacts and carbon footprint of the festivals concluded that audiences, and in particular staying visitors, accounted for the biggest proportion of the overall carbon footprint.¹⁸³ According to Powerful Thinking, an organization that works to lower the environmental footprint of live events, in the United Kingdom alone summer music festivals are responsible for approximately 100 kilotons of CO₂ (including audience travel), 23,500 tons of waste and 5 million litres of diesel consumption.¹⁸⁴ CCS therefore need to reinvent their operating models to reduce their environmental impact. Emission reduction are specific to CCS subsectors: the print industry has elaborate mechanisms in place to use recycled paper and minimise the use of harmful toxins. Audiovisual sectors focus on production and have started to develop carbon calculators to allow productions to assess – and curtail – their emissions.¹⁸⁵

On the Move's 'Charter for a sustainable and responsible cultural mobility',¹⁸⁶ provides guidance on committing to environmental issues (e.g. developing and implementing an environmental policy within cultural organisations), understanding and evaluating impacts, improving practices, and communicating the impacts and improvements made. Funding could be conditioned to respecting a

¹⁸⁰ Rudman, H. (2013), 'Culture's role in environmental change'. *The Guardian*, 15/07/2013.

¹⁸¹ Sommer, L. K., & Klöckner, C. A. (2019). 'Does activist art have the capacity to raise awareness in audiences?—A study on climate change art at the ArtCOP21 event in Paris'. *Psychology of Aesthetics, Creativity, and the Arts*. Advance online publication.

¹⁸² <https://www.clicknl.nl/>

¹⁸³ BOP Consulting (2011) *Edinburgh Festivals impact study*.

¹⁸⁴ Powerful Thinking (2015), *The Show Must Go On Report*. Available online <http://www.powerful-thinking.org.uk/resources/the-show-must-go-on-report/>

¹⁸⁵ Kaapa, P., 'It's time to start thinking about our digital carbon footprint', *The Conversation*, 17 August 2017. Available online <http://theconversation.com/its-time-to-start-thinking-about-our-digital-carbon-footprint-81518>

¹⁸⁶ <http://on-the-move.org/charter/>

set of environmental norms for the production and distribution of CCS content. However, reducing funding for non-sustainable creative production might make the sector even more fragile.

Budapest’s Sziget Festival, one of the largest and most popular festivals in the world with 500,000 participants over 7 days, for instance launched a Green Sziget Sustainability Programme.¹⁸⁷ The priority of the programme is reducing and recycling waste. Among the measures taken to limit the festival’s negative ecological impact, plastic bags and disposable cutlery are not any more allowed if they are not biodegradable and the ground is protected by 10,000 square meters of special covers and then recultivated (3 acres in 2018). The festival provides an eco-friendly camping site using solar power and paper tents. Organisers also launched campaigns to reduce the use of straws, to save water and to donate tents or camping gear to charities.¹⁸⁸

The fashion industry, especially what is referred to as ‘fast fashion’ is increasingly being criticised for human and environmental unsustainable practices such as large consumption of water, high transport emissions due to relocation in low-wages countries, insufficient waste management together with harmful working conditions. Investment for innovation in the sector however allows for experimentations that could lead the future of sustainable fashion, as shown in the case study below.

Table 7: Case study: WEAR Sustain, fashion innovating for a more sustainable future

WEAR Sustain, fashion innovating for a more sustainable future	
CCS sub-sector	Countries
Fashion	EU28
Related issue	
Environmental sustainability	
Specific trend	
Using technology in design and fashion in ethical and sustainable ways that reduce their environmental impact.	
Background	
<p>With a global worth of \$ 3 trillion in 2018 (2% of the world GDP)¹⁸⁹, the fashion industry is one of the largest industries in the global economy. It is also a fast-growing industry. Projections suggest that by 2030 the global apparel and footwear industry will have grown by 81% to 102 million tons, exerting an unprecedented pressure on global resources and leading to harmful level of pollution worldwide.¹⁹⁰</p> <p>However, in light of the environmental and social challenges of today, global trends, from new technologies deployed in the production phase to new business and distribution models, have started to gradually reshape the fashion industry towards a more sustainable path in a user-centric perspective.</p> <p>Many of the materials recurrently used un the fashion industry face 3 main challenges: resource scarcity, a lack of recyclability and the costs that are expected to rise for some raw materials.</p>	

¹⁸⁷ <https://szigetfestival.com/en-int/greensziget>

¹⁸⁸ Stambler, M. ‘Green festival: partying consciously at Sziget festival’, Euronews, 29 March 2019. Available online <https://www.euronews.com/living/2019/03/29/green-festival-partying-consciously-at-sziget-festival>

¹⁸⁹ <https://fashionunited.com/global-fashion-industry-statistics/>

¹⁹⁰ Global Fashion Agenda, Boston Consulting Group, Sustainable Apparel Coalition, *Pulse of the Fashion Industry*, 2019

Nonetheless, materials are being developed which are less resource-dependent, more recyclable and have longer lifecycles. Lyocell for instance is made from wood pulp and has a low environmental impact being gradually produced as an alternative to cotton. An increasing number of companies are featuring it within their products.¹⁹¹

Description

WEAR Sustain is a two-year innovation project looking to create a pan-European network in order to develop best practices for enabling, facilitating and growing Europe-wide wearable technology, smart and electronic textiles network, for collaborations and innovations between artists, designers, technologists and engineers working on ethical and sustainable solutions and technologies for a better future.

Funded by Horizon 2020, ICT 36 Innovation Action, under the umbrella of DG CNCT STARTS initiative, the project has a strong emphasis on ethical and sustainable materials sourcing, design, development, workforce and manufacturing, aimed to tackle issues of labour practices within the fashion, textiles and technology industries, addressing the huge environmental impact of these sectors.

WEAR Sustain aims to become a recognised and paradigm shifting framework for future novel products and projects, with essential ethical and sustainable approaches to innovation within the fashion and textiles, materials science, smart, e-textile, and technology sectors, leaving a lasting mark and making the world a better place for society and consumers.

Results

The project provided knowledge exchange opportunities and encouraged cross-sector and cross-border collaboration. It funded a total of 46 creative innovative projects across Europe (in 2017 and 2018). It supported more than 40 WEAR Advocacy hubs across Europe, identified during the 24 months of the project. 28 of these were Operative Hubs that supported funding teams during their collaboration and prototyping, and providing a range of services to the teams. In doing so, the initiative informed and inspired designers and developers to adopt ethical and sustainable workflows in their practices and throughout the lifecycle of their products.

WEAR Sustain has provided these teams with mentorship, services and support from industry experts and hubs for collaborative working, providing opportunities for all to contribute to developing a strong sustainable strategy. WEAR Sustain put together an online toolkit for future teams, packed with the resources necessary to exchange knowledge, support them and maintain the ethical and sustainable wearables ecosystem for the future. The community is still active through its Knowledge Platform that provides access to resources (industry insights, resources, tools and methodologies), an accurate map and an ecosystem of ethical pioneers and changemakers in wearable technologies and smart textiles across the globe, a self-assessment tool to provide teams with a step by step guide to understand their needs for collaboration and innovations that are ethical and sustainable, a selection of best practices projects.

References

<https://wearsustain.eu/>
Horizon2020 database
STARTS programme

¹⁹¹ <https://www.carbontrust.com/news/2018/03/sustainability-trends-future-of-fashion-industry/>

Besides their physical operations, with digitisation, most of CCS activities are now thoroughly digital which raises the issue of the digital footprint of CCS. The growing use and reliance on new technologies and cloud computing are bringing additional challenges to low carbon CCS. Research had demonstrated that the ICT ecosystem is estimated to be responsible for 10% of the total worldwide energy demand, equivalent to the combined energy production of Germany and Japan. The average use of a personal smart-phone is equivalent, excluding charging costs, to the energy consumption of an additional household fridge.¹⁹² Awareness about the digital footprint of the major media companies can largely be attributed to NGOs such as Greenpeace's Click Clean report which ranks media applications according to their use and commitment to renewable sources of energy.¹⁹³ Apple's music application together with YouTube and Google Play score A in terms of renewable sources of energy, transparency, commitment and efficiency. However, VOD platforms such as Amazon Prime, HBO Go, Vimeo and particularly Netflix have the largest data footprints, the latter accounting for one third of internet traffic in North America and significantly contributing to worldwide demand for video content and data consumption. Among music applications, Spotify and SoundCloud perform worst for all criteria (Energy Transparency; Renewable Energy Commitment & Siting Policy; Renewable Procurement; Advocacy; Energy Efficiency & GHG Mitigation).

This is especially challenging for CCS operators as these carbon emissions may take place outside of their immediate control via online platforms and intermediates. While environmental sustainability is emerging as a strategic and financial priority, self-reflection and regulation, as well as cross-sectoral comprehensive policies are needed to tackle the carbon challenge of CCS.¹⁹⁴

2.8. Policy framework and EU achievements

Culture is an integral part of the European project and as such, EU Treaties enshrines the Union's cultural action around the following principles:¹⁹⁵

- 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 EU carries out under all the provisions of the EU Treaty.

Since the adoption of the first 'European Agenda for Culture in a Globalising World' in 2007,¹⁹⁶ CCS have gained an increased attention in European Union policymaking. Beyond its own intrinsic or its entertainment value, culture is nowadays recognised as a territorial resource and a competitive, resilient economic sector having broader impacts in social and economic development (see sections 1.1, 1.2 and 1.3 of the present report). The manifold impacts of culture for Europe's society and economy are more and more broadly acknowledged across EU policy documents and mainstreamed

¹⁹² Posani, Lorenzo. (2018). 'The carbon footprint of distributed cloud storage'.

¹⁹³ <http://www.clickclean.org/international/en/>

¹⁹⁴ Kaapa, P. (2017) *op.cit.*

¹⁹⁵ Article 167 of the Treaty on the functioning of the EU. Consolidated version of the Treaty on the Functioning of the European Union Official Journal C 326, 26/10/2012 P. 0001 - 0390

¹⁹⁶ European Commission, Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a European agenda for culture in a globalizing world [COM(2007) 242], 10 May 2007, Brussels. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3A129019>

across other policy areas, including education, societal issues, international relations as well as urban and regional development.

The EU Cohesion Policy's Structural and Investment Funds (ESIF) dedicates EUR 9 billion for the CCS including EUR 6 billion from the European Regional Development Fund (ERDF)¹⁹⁷ for the period 2014-2020. This is almost 6 times the budget of the Creative Europe Programme 2014-2020 (EUR 1,46 billion). ESIF support cultural projects in a variety of sectors, providing that they are aligned to its thematic objectives (e.g. support to clusters and creative hubs; e-culture (digitisation of cultural heritage, access to cultural content); protection of cultural heritage in urban and rural context; promotion of intercultural activities; skills development for cultural entrepreneurs).

Culture also has an important role in the EU's external relations and development cooperation policy,¹⁹⁸ since it contributes to promote social and human development, fosters economic growth and social cohesion (see section 1.4). The recent 'Culture for the Future' colloquium organised in June 2019 aimed to promote the role of culture and creativity with the cooperation of partner countries, as an enabler for economic growth and inclusive human development, for gender equality and youth empowerment.¹⁹⁹ The European Commission DG NEAR supports several initiatives to develop the potential of CCS in neighbouring regions. The Eastern Partnership (EaP) Culture and Creativity Programme²⁰⁰ provided important support to capacity building for the development and professionalisation of the cultural sector in the EaP countries²⁰¹ while through the European Neighbourhood Policy (ENP)'s Med Culture Programme²⁰² the EU accompanies Southern Neighbourhood countries in the development and improvement of cultural policies and practices related to the culture sector. Moreover, eleven neighbouring countries participate in the Creative Europe programme: Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, the Republic of Serbia (full participation in the Culture and the MEDIA Sub-programmes), Armenia, Kosovo (full participation in the Culture sub-programme), Georgia, Moldova, Ukraine, Tunisia (full participation in the Culture Sub-programme and partial participation in the MEDIA Sub-programme).

This mainstreaming of culture is reflected in the New European Agenda for Culture,²⁰³ and in the Creative Europe Programme, which is the main EU instrument to deliver on these ambitious goals. Adopted in 2018, the New European Agenda for Culture aims to promote the cultural dimension of the EU and to address a series of key societal and economic challenges via more integrated cultural policies. It has three strategic objectives, with social, economic and external dimensions:

- Social: address the issue of social inequalities, foster social inclusion and cohesion by promoting cultural participation, mobility of artists and protection of heritage;

¹⁹⁷ http://www.europarl.europa.eu/doceo/document/E-8-2016-006982-ASW_EN.html?redirect

¹⁹⁸ https://ec.europa.eu/europeaid/sectors/human-development/culture_en

¹⁹⁹ <https://culture4future.eu/>

²⁰⁰ <https://www.culturepartnership.eu/en>

²⁰¹ The follow up has been taken by the new programme 'Culture Bridges' that supports the development of the cultural sector in Ukraine and enables it to engage more effectively with cultural organisations and operators in the EU. Culture Bridges is funded by the European Union under the EU's support to the implementation of the Association Agreement between the EU and Ukraine. <https://www.culturepartnership.eu/en/page/culture-bridges>

²⁰² Med Culture is a Technical Assistance Unit funded by the European Union for the promotion of culture as vector of Human, Social and Economic Development in South Mediterranean countries: <http://www.medculture.eu/>

²⁰³ European Commission, Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A New Agenda for Culture, 22 May 2018, Brussels. https://ec.europa.eu/culture/sites/culture/files/commission_communication_-_a_new_european_agenda_for_culture_2018.pdf

- Economic: support the creative sector by facilitating mobility for cultural operators, by reinforcing the Guarantee Facility, by developing skills and encouraging innovation;
- External relations: increase cooperation with international institutions such as UNESCO, Cultural Institutes, in follow-up of the joint EC-EEAS 'Towards an EU strategy for international cultural relations'.

The New Agenda underpins the Council Work Plan for Culture 2019-2022²⁰⁴ that was adopted by the Council on 22 November 2018.

Besides, CCS are impacted by policies and regulations related to the Digital Single Market, especially its legal environment. This is why the modernisation of the European Copyright Framework or the review of the Audiovisual Media Services Directive have been of foremost importance for the remuneration of authors and creators enabling CCS to flourish in the digital era.

The Commission proposed a EUR 1.85 billion budget of next Creative Europe Programme (2021-2027), of which EUR 0.61 billion dedicated to CULTURE, EUR 1,08 billion to MEDIA and EUR 0.16 billion to the cross-sectoral strand. The future programme will keep the same overarching objectives as for 2014-2020, namely the promotion of cultural and linguistic diversity/cultural heritage, and the reinforcement of the competitiveness of the cultural and creative sectors. Main novelties concern:

²⁰⁴ Council of the European Union, Council conclusions on the Work Plan for Culture 2019-2022 (2018/C 460/10) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018XG1221%2801%29>

Table 8: New elements in the Creative Europe Programme 2021-2027

CULTURE	MEDIA	CROSS SECTORAL
Specific sectorial support to areas such as music, book and publishing, as well as architecture and cultural heritage for which existing horizontal actions cannot entirely tackle the challenges the sectors are facing.	Focus on the international promotion and distribution of European works and innovative storytelling, including virtual reality.	Promote cross-cutting activities spanning across audiovisual and other cultural and creative sectors. It will also encourage innovative approaches to content creation, access, distribution and promotion across cultural and creative sectors.
A new scheme for cross-border cultural mobility which is currently only foreseen as part of a partnership project.	Accompanying the implementation of the revised Audiovisual Media Service (AVMS) Directive adopted in November 2018. New emphasis will be placed on audiences, collaboration and networking, promotion and innovation.	
Reinforcing the external dimension of the programme in line with the 2016 Communication of the Commission and European External Action Service on International Cultural Relations.	An online directory of EU films will be created to reinforce the accessibility and visibility of European works and help in forcing the AVMS Directive.	
Adding a social and societal component (cultural participation, as well as societal resilience and social cohesion through culture).		

The proposal for the InvestEU programme for the next MFF period was adopted on 6 June 2018. This programme will aim at mobilising public and private investment within the EU by providing EU budgetary guarantee to financial products offered by financial intermediaries. This will increase investment opportunities in the area of education and culture. Under its new Social Investment and Skills window, new financial products could be developed to pilot social impact investments or developing loan schemes for the mobility of artists or creators. CCS should particularly benefit from the successor of the Guarantee Facility under the Small and medium enterprises window. The current CCS Guarantee Instrument for the period 2016-2020 has provided 630 loans of which 60% from the audiovisual sector and 40% from other cultural sectors.

The following tables put in perspective commitments of the European Commission to deliver on a number of missions related to CCS with its achievements at the end of the 2014-2019 term.

Table 9: European Commission’s achievements in Culture

Mission of the European Commissioner ²⁰⁵	Main achievements by the end of 2018
<i>Directly related to CCS support programmes (Creative Europe Culture and Cross Sector)</i>	
<p>Promoting culture as a catalyst for innovation, by maximising the sector’s contribution to jobs and growth, particularly among the young, by promoting our cultural diversity and by helping Europe’s culture sectors to reach out to new audiences, using the Creative Europe programme to best effect.</p>	<ul style="list-style-type: none"> • Pilot projects and initiatives: European Creative Hubs Network; International Network of Creative Entrepreneurs (Creative Tracks), Cultural and Creative Spaces and Cities; Module on Masters of Arts and Sciences; • Launch and implementation of the CCS Guarantee Facility (EUR 121 million over 2016-2020); • 2017 Communication on Strengthening European identity through education and Culture; • 2018 European Year of Cultural Heritage followed by an action plan for cultural heritage; • Implementation of the 2018 Preparatory Action "Music Moves Europe: Boosting European music diversity and talent" (EUR 1.5 million).²⁰⁶ • 2018 Communication on the New European Agenda for Culture, to channel the full potential of culture to support social cohesion, innovation, creativity, jobs and growth in a single framework; • For the next multi-annual financial framework 2021-2027 "Investing in people, Social Cohesion and values" cluster, the Commission proposed a budget of EUR 1,85 billion for the new Creative Europe Programme.
<p>Ensure that cultural and creative industries can flourish in the digital world and notably reform of the copyright regime to promote not only artists and creators but also cultural diversity.</p>	<ul style="list-style-type: none"> • Directive on copyright in the Digital Single Market;
<p>Oppose any trade negotiation that would undermine the role of culture and the crucial importance of public support.</p>	<ul style="list-style-type: none"> • Transatlantic Trade and Investment Partnership (TTIP) will exclude audiovisual services from any provisions granting access to EU markets. The EU will also be able to exclude from the talks any sectors with a strong cultural component, such as libraries, archives or museums. TTIP will not affect the ability of the EU or EU Member States to provide financial support to cultural industries.
<i>Indirectly related to CCS but impacting the sectors’ environment (e.g. other funding programmes than Creative Europe)</i>	
<p>Supporting the work of the Commissioner for Employment, Social Affairs, Skills and Labour Mobility on youth employment, the development of skills and the strengthening of lifelong learning.</p>	<ul style="list-style-type: none"> • Funding for Erasmus+ projects related to CCS entrepreneurial skills, e.g. Break in the desk, INCREA, Arts and Humanities Entrepreneurship Hub, Culture Backstage.

²⁰⁵ The mission letter of Tibor Navracsics, Commissioner for Education, Culture, Youth and Sport together with his Introductory statement at the Hearing by the European Parliament on 1 October 2014 have been used in the elaboration of Table 8.

²⁰⁶ The Parliament voted an extension of this Preparatory Action, doubling the budget (EUR 3 million for 2019).

Table 10: European Commission’s achievements in Digital Economy and Society

Mission of the European Commissioner ²⁰⁷	Main achievements by the end of 2018
<i>Directly related to CCS support programmes (Creative Europe MEDIA)</i>	
<p>A connected Digital Single Market: Modernisation of EU copyright rules.</p>	<ul style="list-style-type: none"> • Directive on copyright in the Digital Single Market; • Portability Regulation; • Revision of the revised Audiovisual Media Services Directive;
<p>Development of creative industries and of a successful European media and content industry able to reach out to new audiences, adapt to the digital era and thrive in the connected Digital Single Market.</p>	<ul style="list-style-type: none"> • Regulation on online transmissions and retransmissions of radio and TV programmes; • A New European Agenda for Culture and Digital4Culture Strategy including a prototype Directory of European Films. • Revision of the revised Audiovisual Media Services Directive;
<i>Indirectly related to CCS support programmes but impacting the sectors’ environment</i>	
<p>Supporting freedom of expression, freedom of information, freedom and pluralism of the media, the openness of the internet and cultural and linguistic diversity (including challenges the online platforms create for our democracies as regards the spreading of fake information and initiate a reflection on what would be needed at EU level to protect citizens).</p>	<ul style="list-style-type: none"> • Action Plan to step up efforts to counter disinformation; • 2018 Communication "Tackling online disinformation: a European approach" • High-level group of experts to advise on policy initiatives to counter fake news and disinformation spread online; • Signature of the Code of Practice on disinformation;
<p>Global governance architecture for the Internet which is legitimate, transparent, accountable, sustainable and inclusive.</p>	<ul style="list-style-type: none"> • Communication on artificial intelligence for Europe; • High Level Expert Group on Artificial Intelligence; • Draft ethics guidelines for trustworthy Artificial Intelligence; • European Artificial Intelligence Alliance; • Communication on the ‘Coordinated Plan on Artificial Intelligence’.

²⁰⁷ Both mission letters of Commissioners Gunter Oettinger (2014-2017) and Mariya Gabriel (2017-2019) have been used to elaborate Table 9.

3. SCENARIOS FOR THE EUROPEAN CCS TOWARDS 2030

KEY FINDINGS

- According to workshop's participants, the most probable aspirational scenarios are likely to result in CCS inspiring individual and societal change in the area of environmental issues, acting as a significant driver of territorial attractiveness and adopting technology and increasing the growth of certain sectors (e.g. audiovisual, video games).
- Meanwhile, the most disruptive scenarios are likely to result in a platform-led digital future that can challenge ethics and cultural diversity of CCS, an increase in violation of artistic freedom and censorship of cultural organisations and an increasing big data weight, which can significantly damage the environment.
- In some cases, the workshop participants had opposing views on the likelihood of a scenario. These scenarios foresee that the international trade of CCS products will be dominated by large EU countries; the access to the CCS will remain difficult in rural/periphery locations; and that polarisation of resources for the CCS will be insufficiently addressed by policy makers.
- Some of the scenarios were perceived as less plausible; however, they are associated with most important trends identified in the policy Delphi survey and might bear a significant impact if materialised. These scenarios predict that polarisation of resources for the CCS will be insufficiently addressed by policy makers; cultural diversity will be used for dividing society online for the benefit of political groups; and the CCS will lack competitiveness to play a role in global cultural relations.

3.1. Scenario methodology

Scenario building (or scenario planning) is one of the most widely used methods in foresight studies. The scenarios developed for the purpose of this study fall under one of the two categories below. At least one scenario per category had to be identified:

- **Aspirational scenarios:** desirable and/or necessary transitions which would bring the most of potential opportunities to both sectors and to which most actors within the sector aspire to achieve;
- **Disruptive scenarios:** the least desirable ones, those that capture the main sets of future risks to both sectors.

The scenario building exercise was based on findings of the literature review, SWOT analysis, policy Delphi survey, and a validation workshop. The policy Delphi survey aimed to map the key drivers and trends that are most important for the CCS at the moment, how these will change in the next 10 years and what impact these tendencies will have on the CCS. The survey collected 187 responses. For a more detailed analysis of survey results, please see Annex I.

The survey was followed-up by a workshop, where representatives of key organisations in the culture and creative fields were invited (16 participants) to discuss the policy Delphi survey results and the draft scenarios. The list of organisations represented in the validation workshop is available in Annex II. During the workshop, the participants voted on the probability of draft scenarios, using an online interactive tool (Mentimeter). Participants were asked to evaluate the probability of each scenario on a scale from 1 to 5, where 1 is "highly unlikely" and 5 is "highly likely". The workshop participants also created new scenarios during discussions in small groups. Following the workshop, the participants

were asked to vote online on the probability of the new scenarios, using the same scale from 1 to 5. As the major part of the scenarios described below were elaborated as an outcome of the validation workshop (round 2 of the policy Delphi survey), there is no supporting evidence available for them from the first round of the policy Delphi survey. Therefore, the supporting evidence only concerns the scenarios developed as a result of evidence collected through the first round of the survey.

The following sub-sections present the scenarios developed by the research team based on the data collected through the abovementioned process. The probability index score - an average score of the likelihood of a scenario - is indicated next to each scenario. If a similar number of participants selected both “highly unlikely” and “highly likely” options, which represent opposing opinions, this is indicated together with the probability index. A summary table of all scenarios, together with their probability index, is provided in Annex III.

3.2. Economic area

Aspirational scenarios

1. **The CCS will act as a significant driver of territorial attractiveness.**

Besides other sectors, the CCS is likely to continue acting as a significant driver of territorial attractiveness, showcasing the diversity of languages and cultures and putting national, regional and local traditions on display.²⁰⁸ CCS activities have a high potential to act as an additional (or sometimes as a key) factor attracting cultural and creative tourism to the European regions, thus contributing to revitalisation of urban and rural areas. In order to effectively attract tourism, the CCS should be actively mobilised and integrated into the local development strategies.

These trends suggest that in the near future the CCS will be able to adapt well to changing economic environments. It is also likely that the CCS will play even a greater role in developing regional strategies to increase attractiveness of urban and rural areas for tourism and investment.

Probability index: 4

2. **Culture and creative sectors in Europe will remain strongly competitive.**

Within the next 10 years, the European CCS are likely to remain strongly competitive and to maintain a high intrinsic capacity to innovate. As they are now, the CCS are likely to remain highly adaptable to financial challenges and economic changes by quickly adopting new technologies, and by being flexible, mobile and highly open to networking and cooperation. The flexibility, cooperation and networking in the CCS in Europe are likely to increase throughout the next 10 years.

Probability index: 3.2

3. **The funding policy in the EU will reflect better the innovative nature of the CCS and their structure.**

In particular, funding will become more accessible for smaller companies and organisations that constitute a significant part of actors in the sector.

Probability index: 3

²⁰⁸ UNESCO (2013), Creative Economy Report. 2013 Special Edition. Widening Local Development Pathways. New York: United Nations Development Programme (UNDP).

4. The EU will create more economic incentives for the CCS.

New economic incentives for the CCS will be created either in the form of tax reductions, direct financial support or creation of new jobs in the sector. This support from the EU will foster the development of the CCS.

Probability index: 2.9

5. New funding instruments will be developed to offset the financial and economic challenges that the CCS are facing.

The lack of public resources will be leveraged by private resources; the financial markets will ensure lower financial costs and offer longer repayment periods to organisations in the CCS.

The European Commission will continue with programmes similar to the Creative Europe programme (that has been in action between 2014 and 2020). The Creative Europe programme earmarked EUR 121 million to a financial mechanism acting as insurance to financial intermediaries (e.g. banks) offering financing to cultural and creative sector initiatives. The programme is expected to create EUR 600 million in loans and other financial products through a catalyst effect.

Probability index: 2.8

6. The concentration of the sector will be reduced.

While most of the CCS are concentrated in densely populated, urban areas, the CCS organisations will be dispersed also to peripheral and sparsely populated regions. The dispersion will enhance the economic development of the regions.

Probability index: 1.9

Supporting evidence for aspirational scenarios related to economic area:

- **Innovation and adoption of new technologies:** 89% of respondents out of the 187 (to some/ large extent) believe that CCS is going to innovate intensively throughout the next 10 years, while 90% of the respondents expect a significant increase in adoption of new technologies in CCS in the near future.
- **Flexibility, cooperation and networking in the CCS:** 88% of respondents (to some/large extent) believe that there will be more flexibility, cooperation and networking in the CCS in the future.
- **New business and organisational models and forms of work:** 92% of the respondents believe to some/ large extent that new business and organisational models and forms of work in CCS will be created within the next 10 years.
- **Funding:** 76% of the survey respondents believe that the accessibility of the private funding will somewhat or significantly increase within the next 10 years, while 19% of the respondents expect it to somewhat decrease.

Disruptive scenarios

1. The CCS will face a sizeable lack of funding.

Even though there is a probability of a slight increase in availability of private funding, accessibility to public funding may significantly decrease. The vast majority of CCS organisations struggle to access traditional financing instruments such as loans, since they mainly produce intangible assets in their work, and it is quite difficult to demonstrate the value of intangible assets to financial intermediaries (see section 2.2 above). Rising health and social care costs, coupled with the economic uncertainty that

is likely to pertain in Europe throughout the next 10 years, is likely to lead to a decline in public investment in arts and culture. Furthermore, the traditional funding instruments are not adapted to CCS micro-organisations, which constitute the major part of organisations operating in the sector (as detailed in section 2.1). The situation with access to public funding is likely to slightly deteriorate. As a result, the lack of funding will remain one of the biggest challenges that the CCS organisations face in their work, leading to both immediate and long-term negative consequences.

The lack of public funding will be partially mitigated by the availability of private funding, coming from philanthropists and private companies.

Probability index: 3.6

2. Big non-EU companies will strengthen their monopoly on data.

As claimed by stakeholders, this scenario is probable, if the European Union will continue weakening the territorial exclusivity of rights and the possibility to geo-block audio-visual content.

Probability index: 3.6

3. International companies will pose an increased threat to the European CCS on various aspects.

In the times of increased globalization, it will be more difficult for small European companies and organizations to compete for customers and to offer them competitive high-quality products and content.

The position of international non-European companies and their capacity to pose a threat to the EU CCS will depend in part on the legislative framework, especially in terms of competition law.

Probability index: 3.4

4. Many successful European CCS companies will be bought off by international competitors.

If the lack of funding trend continues, the small-scale CCS operators are likely to face challenges in carrying out their activities, leading to the loss of jobs, reducing diversity of activities and content offered by the CCS, and decreasing the CCS' added value to economy. This may lead to a situation where many successful European CCS companies will be bought off by international competitors which have easier access to capital.

Probability index: 2.8

5. The lack of funding and the lack of professional development opportunities in the CCS will lead to de-professionalisation of the sector.

The lack of funding hinders the career paths of the workers of the CCS and forces them into precarious work contracts. In such a situation, the sector development model is not sustainable and not strategic, and the sector gets gradually de-professionalised.

Probability index: 2.5

Supporting evidence for disruptive scenarios related to economic area:

- **Funding:** 35% of respondents out of the 187 (to some/ large extent) believe that the accessibility of public funding for the CCS will increase of somewhat increase in the next 10 years, while 62% of respondents (to some/ large extent) believe that the accessibility of public funding will somewhat or significantly diminish.

3.3. Labour market area

Aspirational scenarios

1. The CCS will ensure an advanced position in the society by remaining up to date with the latest trends.

The CCS organisations are likely to start paying more attention to strengthening their own skills and competences (in particular their digital skills). This will help them remain up-to-date and ensure an advanced and secure position of the CCS in society. Another positive trend that is likely to persevere is the willingness of the cultural and creative sectors to experiment with atypical forms of work, as well as their propensity to reinvent new business and organisational models as a response to rapidly changing environments.

Although it is likely that automatization will impact the labour force across different sectors in the next decade, the positive labour market trends indicate an ability of the CCS to adapt to this shift, as well as help other sectors to adjust. Research indicates a creative and human element of the CCS sector; so, it is unlikely that many jobs in this sector will be replaced by technology developments.

It is likely that the within the next 10 years, more gender balance will be achieved in key positions in CCS organisations, and in selection for representation in cultural and scientific events.

Probability index: 3.5

2. In the next ten years, transnational mobility of the European CCS professionals will further increase.

Being an integral part of the working life of artists and culture professionals, mobility helps satisfy the need for capacity building and internalisation of the cultural sectors²⁰⁹. Besides that, it also contributes to territorial regeneration by attracting inward investment, community engagement and social change²¹⁰. Due to the constant and gradual advances in globalisation, the transnational mobility of the European CCS professionals is likely to further increase.

The transnational mobility in the CCS will be further strengthened by creation of a dedicated EU scheme for the mobility of artists and culture professionals.

Probability index: 3.3

3. CCS workers practicing freelance work and other atypical types of work will obtain more access to social security benefits and will increase their work security.

As well as other workers practicing freelance work and other atypical types of work, CCS workers often have limited access to social security benefits and unemployment benefits. Corresponding changes in national legislations and in EU regulation will increase the work security of the workers of the CCS sector.

Probability index: 3

4. CCS professionals will obtain easier access to non-national markets.

International agreements signed between the EU and the third countries along with further international cultural relations of the EU will facilitate the access to non-national markets. CCS

²⁰⁹ KEA 2018, Research for CULT Committee – Mobility of artists and culture professionals: towards a European policy framework, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels

²¹⁰ Ibid.

professionals improve their capacity to internationalise their operations (e.g. gaining legal, financial, managerial skills).

Probability index: 3

5. Creativity and arts will increase their importance in learning curricula

The CCS and the products of their work make an invaluable contribution to early age development of children, as well as to educating, skilling and reskilling of adults and lifelong learning. Now that the European educators have recognised the previously undervalued importance of creative skills, creativity and arts are increasingly more integrated into the skill sets that have to be developed in learners through standard education and through the lifelong learning programmes, in particular to face the digitisation of work and improve the interaction between human workers and machines (see section 2.3). It is likely that this trend will continue, providing the CCS with more opportunities in the realm of education and life-long learning.

Probability index: 2.9

Supporting evidence for aspirational scenarios related to labour market:

- **Skills development in the CCS organisations:** 100% of the respondents (to some/ large extent) believe that there is a tendency towards development of new skills in the CCS organisations.
- **Gender equality in the workplace:** 88% of the respondents out of the 187 believe that there will be a small to moderate improvement in the area of gender equality in the workplace throughout the next 10 years.

Disruptive scenarios

1. Employees of the CCS will continue being pushed into unfavourable economic and social conditions.

It is likely that the trend of practicing atypical forms of work (see section 2.3) by the CCS organisations will continue in the next 10 years. Atypical forms of work demonstrate the flexibility, openness and creativity of the sector. At the same time, when not chosen voluntarily, they can be a result of unhealthy work climate and unjust labour conditions. Without the necessary policy actions/ changes, there is a risk that employees of CCS will continue being pushed into unfavourable economic and social conditions, facing low pay levels and lack of funding to support their artistic research.

Although it is likely that the situation with gender equality in the workplace in the CCS will slightly improve in the near future, the gender pay gap between male and female employees in the CCS is unlikely to be closed.

Probability index: 3.7

2. Culture and arts will be governed by and performing for elites.

As indicated by research, there is a growing challenge in access to cultural and artistic education for those in the lower- and lower-middle class of European societies. This trend is likely to continue, with cultural and artistic education becoming available mainly to individuals in the middle- to upper-classes. Participants to the workshop highlighted concerns regarding inequality in access to quality education which could gradually turn culture and the arts into a sector governed by and performing for elites. In the next decade, reduction of public funding dedicated for artistic and cultural education in primary, secondary and higher education could lead to a skills shortage and worsening financial conditions of art schools therefore reducing the number of graduates and worsening the quality of artistic education.

Probability index: 2.9

3. In the next ten years, transnational mobility of the European CCS professionals will still be restricted by national and EU regulation (such as lack of progress on visa liberalisation issues, etc.).

The regulatory issues related to social security, taxation and visas that hamper mobility will continue persisting at national and EU levels. Besides, the so-called 'migration crisis' together with terrorist threats could lead a number of Member States governments to restrict freedom of movement.

Probability index: 2.7

3.4. Policy framework area

Aspirational scenarios

1. The EU will recognize the diversity of CCS and the diversity of European communities, by developing ways to address the CCS specifically on national, regional and local level.

EU policy makers will encourage the Member States to create a favourable environment for the CCS to evolve. Policies related to the CCS will be harmonized among ministries of culture and ministries of economy/industry/innovation, enabling the adoption of a common agenda for the development of CCS on national, regional and local level.

Probability index: 3.2

2. Existing policy instruments will evolve and better support the CCS.

EU policy instruments in the field of culture will be working well and supporting the needs of CCS organisations. The new Creative Europe Programme (2021-2027), promising increased opportunities for cross-border cooperation and projects, simplification mechanisms and greater flexibility enabling access to the programme, especially for smaller players, will directly respond to the trends that were identified by policy Delphi respondents.²¹¹ The evolution of EU flagship initiatives, such as the European Heritage Label, and harnessing the momentum of the 2018 European Year of Cultural Heritage, will contribute to showcasing the diversity of cultural content and languages in Europe, fostering a sense of belonging for European citizens, as well as revitalising urban and rural areas.

Probability index: 2.7

3. A holistic/ecosystem approach for the CCS will be embraced by EU policy makers (taking into account sector-specific challenges).

Policies will recognise the interdependency of the CCS and other sectors. As a result, funding for the CCS will be streamlined in all EU funding programmes, making funds more accessible. Synergies between different EU policy instruments (ESI Funds, EFSI, Horizon Europe, Erasmus+, EaSI, Creative Europe, COSME etc.) will be better exploited. Such synergies, through fostering links between CCS, research and education, will support the adoption of new technologies; development of new skills in the CCS organisations; innovation; as well as creation of new business and organisational models and forms of work.

Probability index: 2.7

²¹¹ Proposal for a Regulation of the European Parliament and of the Council establishing the Creative Europe programme (2021 to 2027) and repealing Regulation (EU) No 1295/2013, Brussels 30.5.2018, COM (2018) 366 final.

4. Policy makers and financial institutions will be fully aware of the value of culture for Europe and specificity of funding for the CCS.

The awareness on the specificity of funding for the CCS will rise among EU policy makers. As a result, the policy framework will respond to the changing composition of funding, by providing tax incentives for CCS organisations, encouraging companies to direct their Corporate Social Responsibility (CSR) towards the CCS and by other means.

Probability index: 2.5

Disruptive scenarios

1. EU policy framework will not be appropriately adapted to support the CCS in the future.

At local, regional and national levels, policies related to the CCS will be even more divided between ministries of culture and ministries of economy/industry/innovation, preventing the adoption of a global approach and a common agenda for the development of CCS. At European level, policy impacting the CCS will remain scattered across different European Commission DGs that either follow different agendas, or do not tackle the CCS as a whole.

Probability index: 2.9

2. The access to the CCS will remain difficult in rural/periphery locations.

The attention given to CCS by key policy stakeholders will decrease. As a result, rural locations/communities will be overlooked in the European policy framework and will continue facing issues with both physical and digital connectivity. The creative and cultural activities available in rural/periphery locations will be limited, thus excluding some groups from participation in CCS, learning and improving their skills.

Probability index: 2.7 (a significant number of respondents chose both “highly unlikely” and “highly likely” options, showing opposing views on the probability of this scenario)

3. Polarisation of resources for the CCS will be insufficiently addressed by policy makers.

The accessibility and availability of public funding for CCS organisations will decline. Although the accessibility and availability of private funding will increase as a response to declining public funding, the private funding mechanisms (e.g. loans) will be easier to access for creative sectors that generate greater profits (e.g. fashion, video games, films etc.). Such developments will especially have negative effects on CCS organisations that mainly rely on public funding (e.g. archives, museums, heritage sites). These sectors may also struggle to access private financing mechanisms, due to inability to monetise their activities and struggle to provide robust evidence of their added value. In addition, there will be damages to the reputation of the CCS and culture due to controversial private funding.

Probability index: 2.1 (a significant number of respondents chose both “highly unlikely” and “highly likely” options, showing opposing views on the probability of this scenario).

Supporting evidence for both aspirational and disruptive scenarios related to policy framework:

- 67.7% out of 187 policy Delphi respondents stated that accessibility of public funding is an important driver of the CCS today. According to them, the accessibility of public funding will decline for certain sectors in the next 10 years. Meanwhile, the accessibility of private funding for the CCS is seen to increase.

- 61.4% of policy Delphi respondents identified changes in flexibility, cooperation and networking as another important driver of the CCS. Most respondents expected flexibility and cooperation to increase and intensify in the next decade.
- Policy Delphi respondents identified certain positive impacts related to policy framework that are likely to happen in the next 10 years: showcasing the diversity of cultural content and languages in Europe (top 1), providing an easier access to and a better circulation of European creative works (top 2), and strengthening CCS' role in education, lifelong learning and soft skill development (top 3).
- Policy Delphi respondents also identified certain negative impacts: creating a difficult environment for the CCS to evolve in (top 1), limiting access for CCS to funding instruments (top 3), and decreasing access to culture for different society groups (top 8).

3.5. Social aspects area

Aspirational scenarios

1. CCS will represent different society groups and foster cultural diversity

More EU citizens will be exposed to a global content, fostering democracy and cultural diversity. CCS' role in policy making will increase, creating opportunities for education, lifelong learning and soft skills development. Equal representation will also be promoted by increasing grass-root initiatives that embrace CCS as engines of transformation and transition towards a different model of living.

Probability index: 3.6

2. Technology will help CCS to contribute to social cohesion, unity and inclusion.

The digitalization, new technologies, and strengthening of the Digital Single Market will increase distribution and access to culture and creative production. It will broaden the audience exposed to CCS and the extent their production is used for leisure. The digital shift will also provide CCS organisations with more opportunities for communicating some of the core EU values – democracy, human rights and freedom of expression. Cross-innovation between the CCS and science/research will address societal challenges, such as health and wellbeing, creating solutions for the protection of the environment, and ethical issues faced by the society in the digital era (use of data, critical thinking and informed citizenship).²¹²

Probability index: 2.9

3. The social benefits generated by CCS will be better understood.

Indicators will be developed to evaluate intercultural dialogue, soft-skill development and other added value of the CCS. This will create more opportunities to prove the added value of the CCS to the society and its well-being. As a result, Member States will adopt cultural awareness as a political competence, increase the support available for the CCS, and develop programmes to better engage EU citizens with the CCS.

Probability index: 2.6

4. With the ageing society, well-being will become a top priority for policy makers in the EU.

The role of culture and creative content on increasing well-being and helping people with certain diseases (e.g. dementia) will be better recognised and supported. The CCS, through synergy with education, will strengthen its positive impact on individuals by empowering them, leading to an

²¹² KEA European Affairs (2019), *Impulse Paper on the Role of Cultural and Creative Sectors in Innovating European Industry*. Luxembourg: Publications Office of the European Union.

understanding and acceptance of cultural diversity, as well as providing opportunities for education, lifelong learning and soft skills development.

Probability index: 2.6

Disruptive scenarios

1. Demographic changes and social issues will limit participation in the CCS.

Audience engagement, as well as access to culture, will remain a challenge for various groups (elderly, people with disabilities, young people, minorities, people from rural areas and geographical peripheries, people of limited financial means etc.).²¹³ This, to some extent, will be determined by demographic changes, lack of political support and decreasing public funding. As a result, the CCS will be perceived as elitist and not sufficiently inclusive. Issues of gentrification will increase in those areas where the CCS concentration is higher (e.g. World Heritage Sites, historic towns, music/artistic venues etc.). This may lead to excluding certain society groups from participation in culture and creative activities.

Probability index: 2.7

2. Cultural diversity will be used for polarising society online, for the benefit of political groups.

Political groups will exploit CCS operators for their own political purposes, by a number of means, including censorship, introducing new legislations, providing or withdrawing financial support.

Probability index: 2.3

3. The European cultural diversity will be underrepresented in the EU, due to the increasing dominance of American, Indian and Chinese content and/or companies.

The CCS content in the EU will lack in showcasing Europe's linguistic and cultural diversity (e.g. in film, music), caused by increasing globalisation and dominance of American, Indian and Chinese content and/or companies. More issues will arise with how to promote European works (e.g. music), outside their country of origin. This will lead to a lack of representation, participation and engagement of different and non-dominant cultures, as well as genders (e.g. representation of women in films, video games, music).

Probability index: 2.3 (a significant number of respondents selected both "highly unlikely" and "highly likely" options, showing opposing views on the probability of this scenario)

Supporting evidence for both aspirational and disruptive scenarios related to social aspects:

- 35.4% out of 187 policy Delphi respondents agreed that grass-root initiatives are an important driver of CCS. Most of these respondents predicted these initiatives to multiply and grow in the next 10 years.
- 29.6% of policy Delphi respondents selected globalisation as another important driver of the CCS, which they also saw as bound to increase in the next 10 years.
- 29.6% of policy Delphi respondents agreed that sceptical attitudes towards EU from polarised radical parties is an important driver and will slightly increase.
- Policy Delphi respondents identified certain positive impacts related to social aspects that are likely to happen in the next 10 years: providing an easier access to and a better circulation of European creative works (top 2), strengthening CCS' role in education, lifelong learning and soft skill development (top 3), increasing access to culture for different society groups (top 6).

²¹³ European Parliament (2017), *Access to Culture in the European Union*. European Parliamentary Research Service.

- Policy Delphi respondents also identified certain negative impacts: increasing the dominance of American content in the EU (top 4), decreasing access to culture for different society groups (top 8).

3.6. Technology area

Aspirational scenarios

1. Technology will increase the growth of certain sectors (e.g. audiovisual, video games).

The adoption of new technologies will ease access to and enable a better circulation of European creative works. Most CCS operators (especially working in music, audiovisual, video games and/or fashion) will benefit from the technological trends, as they are both adopting and driving technological innovations. Likewise, global virtual reality and augmented reality markets will significantly expand, creating new products and providing opportunities for learning through simulated environment. The technology will also lead to creating new genres (e.g. video games integrated in film) and evolve distribution channels. This will also have an impact on creators, as production companies could become active in a variety of genres.

In addition, the use of blockchain will increase, continuing to provide CCS with new means for protecting their intellectual property online and claiming ownership. Blockchain is seen as a way to 1) improve transparency and thus increase artists' bargaining power for fairer remuneration; and 2) ease the payment processes across the board. It will bring significant changes to the modes of CCS production (e.g. signing of 'smart contracts') and helping artists to generate greater revenue from their work. For instance, in the case of music sector, the chain of intermediaries (authors, performers, labels, publishers, or distributors) involved in production and distribution of music will be reduced.

Probability index: 4

2. Technology will increase citizen engagement and modernize operations in more traditional sectors (e.g. museums, heritage).

The adoption of new technologies and development of digital skills in primarily non-digital CCS (e.g. museums, crafts) will provide new means for engaging the public, especially youth. Technological innovations will help to modernise operations of institutions working in these sectors (e.g. better protection of Europe's cultural heritage by employing 3D laser scanning).

Probability index: 2.9

3. The funding for development of digital/technology skills will increase.

The support made available for CCS operators to upskill their staff and adopt new technologies will lead to the CCS being well adapted to the technological/digital transformation (in terms of skills and capacity). The greater attention to training digital skills at schools and higher-education institutions will also increase the number of specialists available in the job market. As a result, the CCS will be more prepared to compete against global tech giants (from the US etc.), and to combat large platforms with more technological advantage.

Probability index: 2.7

4. The CCS will be well adapted to the technological/digital transformation, as the policy framework will promote knowledge-sharing, mobility among different CCS organisations.

The recent shift towards updating EU regulations to help right-holders to better monetise and control the distribution of their content online will only reinforce this.²¹⁴ The policy framework will create favourable environment for the CCS to evolve in, leading to an increase in employment, cultural diversity, maintaining CCS' competitiveness despite economic crises, as well as providing an easier access to and a better circulation of European creative works.

Probability index: 2.5

5. EU citizens will be able to make the most of CCS, as the digital literacy of users will increase.

A greater attention will be given to training digital skills at schools and higher-education institutions that are required by the current labour market. Such policy schemes, combined with the arrival of younger digital natives, will increase the abilities of citizens to consume digital content and services provided by the CCS.

Probability index: 2.5

Disruptive scenarios

1. Platform-led digital future will challenge ethics and cultural diversity of CCS.

The emergence of new technologies, digitisation of certain sectors will result in artificial intelligence challenging the CCS both in terms of ethics (use of personal data etc.) and cultural diversity (search engines and suggested content). For instance, artificial intelligence (e.g. the algorithms developed by large companies) will continue encouraging biased opinions/views and creating repercussions for public dialogue. In this platform-led digital future, private platforms will be controlling data on cultural consumption, engagement and participation, and depriving the public sector of the information needed to develop evidence-based policymaking for the CCS.

Probability index: 4.3

2. Artificial intelligence will put smaller companies operating in CCS at a disadvantage, making cultural content available but not accessible.

Large companies/monopolies will become key controllers of the market. Difficulties will also emerge for the CCS within the Digital Single Market, which despite strengthening, will favour consumers and global conglomerates over the smaller companies in the CCS. This will lead to market concentration, lack of competition, and preventing the distribution of CCS content created by small businesses/organisations.

Probability index: 3.7

3. CCS will lack skills to make the best of the digital/technological transformation.

Technological innovations will challenge value chains and business models across the CCS. There will be little support available to upskill CCS workers in the EU, leading to difficulties adapting to the digital shift. This will especially affect some more traditional and non-technology-based sectors, such as archives, museums, heritage sites, and crafts. For other sectors, it will be difficult to acquire the capacity to invest in research and development. Some operators will lack capacity to exploit the opportunities

²¹⁴ Review of the Audiovisual Media Services Directive (AVMS), May 2016; Directive of the European Parliament and of the Council on Copyright in the Digital Single Market, February 2019, (2016/0280/COD), Article 13.

provided by blockchain technology for protecting their intellectual property, leading to lack of competitiveness in comparison to global/large CCS content providers.

Probability index: 2.5

4. With the increasing attention for development of digital skills, artists will face difficulties with finding people with 'old'/'traditional' skills (e.g. wood working).

Some CCS operators will face difficulties in finding people with 'old' or 'traditional' skills, which will be caused by the increasing attention to the development of digital skills at schools and higher-education institutions in the EU.

Probability index: 2.2

Supporting evidence for both aspirational and disruptive scenarios related to technology aspects:

- 61.4% out of 187 policy Delphi respondents agreed that adoption of new technologies is an important driver of the CCS and that the pace of it will greatly increase in the next decade.
- 62.4% of policy Delphi respondents selected innovation as an important driver and mostly agreed that technological and societal innovations will continue to inspire CCS over the next 10 years.
- 51.3% of policy Delphi respondents selected development of new skills in CCS organisations as an important driver and mostly agreed that the CCS will need to keep updating their skills to adapt to the digital age.
- Policy Delphi respondents identified certain positive impacts related to technology that are likely to happen in the next 10 years: providing an easier access to and better circulation of European creative works (top 2), developing new competences at CCS organisations, in particular digital skills (top 4), maintaining competitiveness despite economic crises (top 8).
- Policy Delphi respondents also identified certain negative impacts: challenging the CCS both in terms of ethics and cultural diversity (top 7).

3.7. International cultural relations area

Aspirational scenarios

1. European CCS will strengthen their role in building a shared European space.

Policy tools, increased mobility of culture and creative professionals, and of EU citizens will strengthen CCS' role in developing a shared European space and facilitating EU integration by enabling intercultural dialogue and people-to-people contacts. The CCS will be mobilised as a vector for peace and reconciliation and contribute to diplomatic and international relations objectives.

Probability index: 3.4

2. The role of culture will be strengthened in neighbourhood policies, through partnerships/cooperation at local and regional level.

The CCS will also strengthen ties with third countries, increasing cultural exchanges and market opportunities for CCS. The European external actions will be strongly rooted in local partnerships.

Probability index: 3.3

3. European CCS will strengthen their role as global content providers.

The global demand for European content will remain stable or on the rise. The CCS in the EU will be co-producing not only between EU countries, but also establishing links with global operators. This will be

particularly relevant in the context of increased demand for South-South cultural relations and exchanges. As a result, the CCS in the EU will maintain competitiveness despite globalisation trends and increase circulation of CCS content within and outside the EU.

Probability index: 2.9

4. International cultural relations/dialogue will be mainly led by cultural practitioners and the official diplomats will be culturally skilled.

Policy makers and official diplomats will be educated on the value of culture for Europe and specificity of the CCS. As a result, cultural links between different Member States will be strengthened, leading to an enhanced cooperation in CCS and related areas.

Probability index: 2.5

5. The mobility of artists will be made easier (e.g. simplified procedures for obtaining visas).

Artists and other CCS professionals from third countries will face less difficulties in obtaining visas and moving between Member States. This will help to broaden the existing EU cultural and creative networks by establishing links with artists and other professionals in other countries. In addition, the CCS will benefit from the expertise brought by professionals from outside of the EU, which will enable them to innovate and be at the forefront of the global CCS.

Probability index: 2.4

6. CCS products/services will be consumed by citizens in different EU countries, as the business/trade of the CCS will be made easier by cultural exceptions in trade agreements.

The trade of cultural goods and services will expose EU citizens to CCS content outside of the EU, increasing their awareness of the cultural production from other Member States.

Probability index: 2.3

7. All EU countries will play an equal role in trade relations.

In this scenario, there will be an equal circulation of CCS products in Europe. Third countries will also be involved in cultural relations with the EU on an equal footing.

Probability index: 1.5

Disruptive scenarios

1. The trade of CCS products will be dominated by large EU countries.

The global competition will increase, and the CCS in the EU will suffer from the dominance of production of large countries (e.g. the US, India, China). Concentration in the sector, with the integration of large companies (mostly from the US), will threaten the diversity of European content. Also, CCS operators from smaller EU countries will face difficulties in entering wider EU markets and niche markets.

Probability index: 3 (a significant number of respondents chose both “highly unlikely” and “highly likely” options, showing opposing views on the probability of this scenario)

2. The CCS will lack competitiveness to play a role in global cultural relations.

Some of the CCS operators will struggle to compete with global content providers and will find it difficult to internationalise their operations. The mobility of CCS professionals, which could aid the internationalisation of these sectors, will also remain an important challenge. As a result, the CCS in the EU will be unable to modernise its content to compete with global CCS, leading to the shrinking of the CCS in the EU. This would also have consequences on CCS’ potential to play a significant role in global cultural relations.

Probability index: 2.6

3. International dialogue/relations will be reduced, as the role of CCS will be overlooked in this domain.

In this scenario, official diplomats will not be culturally skilled and the support to artistic mobility will decrease.

Probability index: 2.1

4. The CCS will contribute significantly less to building a shared European space.

The CCS will be used more often for political means, leading to an increased fragmentation of the CCS and the way their products/services are consumed. As a result, the intercultural dialogue will be reduced and sense of belonging to Europe among EU citizens will be challenged.

Probability index: 1.8

Supporting evidence for both aspirational and disruptive scenarios related to international cultural relations:

- 61.4% out of 187 policy Delphi respondents selected flexibility, cooperation and networking as an important driver of the CCS and mostly agreed that new partnerships are likely to develop further and multiply in the next 10 years.
- 41.8% of policy Delphi respondents selected international mobility of CCS professionals as an important driver and mostly agreed that it will increase in the future, depending on the availability of opportunities for exchanges and cooperation.
- Policy Delphi respondents identified certain positive impacts related to international cultural relations that are likely to happen in the next 10 years: showcasing the diversity of cultural content and languages in Europe (top 1), providing an easier access to and a better circulation of European creative works (top 2).
- Policy Delphi respondents also identified certain negative impacts: increasing the dominance of American contents in the EU (top 4), increasing fragmentation of the CCS and the way their contents and products are consumed (top 5), instrumentalising the CCS for political needs (top 6).

3.8. Politics and artistic freedom area

Aspirational scenarios

1. CCS will contribute to shared values of democracy human rights and the freedom of expression.

Arts and culture contribute to shared values of democracy, human rights and the freedom of expression. Embracing innovation and research by the world of CCS could contribute to solving major societal challenges, such as the issues of democracy and ethics in the digital era. Inevitably facing the results of digitalisation, CCS are likely to use the solutions offered by scientific research to foster critical thinking, and to contribute to the development of informed citizenship.

Probability index: 3.9

2. CCS will foster the inclusiveness of the society.

Starting with the Council of Europe Secretary General's 2016 report, culture is said to have a strong effect on democratic security at several different levels. For one, exposure to culture allows people to recognise the importance of diversity, thereby increasing their openness towards other groups in society. Furthermore, active creation of art in whatever form is an essential vehicle for freedom of expression. In addition, creating shared narratives through culture can be a powerful means of

reinforcing cohesion in society²¹⁵. If corresponding policy and action will be implemented, CCS will continue playing an important role in fostering the openness and the inclusiveness of the European societies.

Probability index: 3.7

3. The EU will take a clear and univocal stance on the freedom to publish and on the defence of artistic freedom.

As claimed by stakeholders, in the current political situation in many Member States, artistic freedom, the freedom of expression and the freedom to publish will only be possible, should the EU take a clear stance on their defence.

Probability index: 3.1

4. Recognition, celebration and visibility of artistic freedom will be increased through increasing visibility and attractiveness of corresponding prizes and awards.

The visibility and attractiveness of prizes and awards that honour individuals and groups of people who have dedicated their lives to the defence of human rights and freedom of thought (such as the Sakharov Prize for Freedom of Thought, the Knight of Freedom Award, the European of the Year Award) will recognize, celebrate and bring more attention to the issues of freedom of speech, freedom of thought and artistic freedom.

Probability index: 2.7

Disruptive scenarios

1. There will be an increase in violation of artistic freedom and censorship of cultural organisations

Despite their support of democracy, human rights and freedom of expression, the European CCS are likely to face mounting challenges as a result of political pressures, online censorship (prompted by politics and social media platforms), and pressures from civil society (such as the far-right groups and religious extremists). Some of the European CCS organisations are persuaded to (or choose to) apply self-censorship to maintain their access to funding, and to keep the opportunity to express themselves and to exhibit their works in public areas. These are alarming trends that are likely to persevere and even to increase in some parts of Europe. This is likely to increase the violation of artistic freedom and censorship of cultural organisations.

It is also likely that there will be an increase in tendencies towards fake news and disinformation, which create a difficult environment for the CCS to evolve in. Political polarisation may lead to fragmentation in the way the content and products created by the CCS are consumed. At the national level, international opening and mobility are likely to become somewhat hampered by restrictive policies over cultural and creative activities, favouring national, publicly funded institutions and content over independent artists and companies.

Probability index: 3.9

²¹⁵ Council of Europe (2016) Cultural participation and inclusive societies - a thematic report based on the Indicator Framework on Culture and Democracy.

2. Nothing is going to change in terms of artistic freedom in the CCS, as it is difficult to monitor censorship and hate speech.

Despite the increase in attention towards artistic freedom in the recent years, artistic freedom violations in many countries continue to be under-reported due to a variety of factors, including lack of public awareness, capacity and political will. Furthermore, it is likely that the funding aiming at increasing the artistic freedom in the CCS will remain restricted.

Probability index: 2.6

Supporting evidence for disruptive scenarios related to politics and artistic freedom:

Political pressures: 100% of the respondents (to some/ large extent) believe that there is a tendency towards an increase in political pressures on the CCS in Europe.

Pressures from civil society: 75% of the respondents expect a medium to strong increase in pressures from civil society on the CCS in Europe.

Online censorship and self-censorship: 100% of the respondents expect an increase in online censorship and in self-censorship in the CCS in the next 10 years.

3.9. Environmental area

Aspirational scenarios

1. The CCS will inspire individual and societal change.

The CCS are likely to continue contributing to raising awareness on environmental issues, and in encouraging individual and societal change. Thanks to their ability to think creatively and in a user-centred way, the CCS are likely to support other sectors in their ecological transition.

CCS organisations will need to reflect on their activities and redesign them in order to align with demands of being more ecologically friendly and considerable of the climate change. Therefore, they are likely to develop their own sustainable practices, and learn how to thrive in a sustainable, low carbon consuming, and waste reducing way.

Probability index: 4.2

2. The awareness on sustainability of the CCS will increase throughout the next ten years.

For example, sustainable mobility schemes for touring artists will be developed.

Probability index: 4.1

3. More evidence-based research and measurement of the impact of the CCS on the environment will be carried out in the next ten years.

This will encourage the CCS to monitor and limit their impact on the environment.

Probability index: 3.7

Disruptive scenarios

1. Increasing big data weight will significantly damage the environment.

As well as in other sectors of the economy, there is an increasing tendency in the CCS to produce and to use big data, which inevitably damage the environment. If no action is taken to prevent the negative impact of big data weight on the environment, this damage will persist and increase. Furthermore, it is

likely that in the next 10 years, there will be increasing difficulties with the management of the “digital waste” produced by the CCS.

Probability index: 3.9

2. The climate change will lead to significant damages of the cultural heritage.

Planning time-scales in the heritage sector are often much longer than conventional planning cycles. Therefore, even though intensive research in this area is carried out and new strategies for adapting cultural heritage to climate change are continuously adapted, it is likely that the cultural heritage will continue suffering from significant damages throughout the next decade.

Probability index: 3.7

3. The CCS will retain its detrimental impact on the environment.

If the CCS do not reinvent their operating models to reduce their environmental impact (e.g. in film shooting, production of touring performances), their negative impact on the environment will persevere. Funding could be conditioned to respecting a set of environmental norms for the production and distribution of CCS content. However, decreasing funding for non-sustainable creative production could make the sector even more fragile. In certain sectors, the CCS organisations might even become unable to function anymore due to climate/ecological restrictions.

Probability index: 2.8

4. POLICY RECOMMENDATIONS

KEY FINDINGS

- Cultural diversity should be preserved in competition policy as well as through CCS taking part in discussions around AI (joining the AI Alliance) and monitoring the implementation of the Audiovisual Media Services Directive.
- The report recommends taking a closer look at atypical forms of employment, assessing to what extent current market rules match a highly fragmented work environment and consider setting updated standards for freelancers/self-employees.
- The future healthy development of CCS requires flexible and well-designed re-training and lifelong learning opportunities which can be achieved through including CCS in existing and new programmes, improve synergies between existing STEAM initiatives of the European Commission, spearheading the development of a CCS literacy policy.
- The European Parliament's CULT Committee can take a proactive role in improving the financial and environmental sustainability of CCS operators through entrepreneurship programmes, the CCS Guarantee Facility, support to the non-profit sector and incentives to environment-friendly practices in CCS.
- The report suggests to commission research in the diversity of the CCS workforce, with a view to identify and tackle the main inequalities in the sector; to encourage the development of pledges mechanisms that promote gender equality and monitor their impact; to set up regular data collection exercise monitoring audience diversity and ensuring access to culture is as wide as possible.
- For flourishing CCS in democratic societies, the CULT Committee could act by strengthening cooperation with the Council of Europe's Indicator Framework on Culture and Democracy, consider financing CCS-led active citizenship projects and give visibility to shared narratives through culture by organising a yearly event or exhibition to exchange with artists.

4.1. Guiding principles

The EU is at a turning point facing unprecedented challenges in terms of social cohesion in a multicultural society, rising extremism and populism within its Member States, ethical debates on digital developments, global competition and environmental emergency. Consequently, it is more and more suggested to place CCS and related policies at the heart of the European political agenda. For the EU to thrive in a sustainable societal and economic environment and to assure its position in the world, healthy cultural ecosystems are required.

The following policy recommendations derive from the key trends and possible perspectives affecting the CCS identified in this report. They aim at guiding the activities of the CULT Committee in its upcoming mandate. As such, they provide a framework for action in terms of economy, labour market, policy framework, social aspects, technology, international dimensions, artistic freedom and environmental issues, benefiting not only CCS as a sector of activity but equally to European citizens.

The capacity of the CULT Committee to impulse policy directions to act on the different scenarios envisioned in this report is also at the core of recommendations.

Finally, if the latter are specifically addressed to the CULT Committee to fulfil its mission in the policy agenda it is responsible for, they ambition to best equip the CULT Committee to work in synergy with other Parliamentary Committees which activities relate to the CCS as well as with other European, national and regional policy actors.

4.2. Policy recommendations

The following recommendations encompass six policy areas among which: cultural diversity, labour market, skills and education, sustainability of CCS businesses and organisations, diversity and inclusiveness, and the role of arts and culture in European democracies. The final sub-section highlights key programmes for to the attention of the CULT committee in order to support CCS in the most appropriate way with regard to trends and challenges identified in the study.

Cultural diversity

Cultural diversity is a core EU objective for the cultural and creative sectors. Today and even more so by 2030, the way that citizens access culture and creativity is through digital channels. Be it in terms of access (content availability on digital platforms) or in terms of recommendations, as content curation and recommendation is more and more done via AI and machine-learning algorithms. This means the actual access to diverse cultural and creative content will be to a large extent determined by a tech-driven approach, where consumer preference takes priority over cultural diversity. This could be addressed by:

- 1) An ambitious European approach that would consider including a cultural diversity criterion to its competition policy: assessing the impact of mergers not only on the market, but also on the possibility for citizens to access diverse cultural and creative content, goods and services.
- 2) The recommendations of the independent high-level expert group on artificial intelligence, set up by the European Commission, which suggests a dialogue between policy-makers, developers and users of AI technology, to ensure cultural and linguistic diversity is adequately promoted. Members of the CULT committee (and CCS organisations) could strengthen the voice of the CCS by joining the AI alliance and ensuring that cultural diversity is adequately taken into account.
- 3) The provisions of the Audiovisual Media Services Directive which aim to promote cultural diversity on VOD platforms should be carefully monitored and evaluated, as this is the first regulatory tool considering this particular aspect of cultural diversity (and circulation of European content) on digital platforms.

Labour market

The CCS are known for their fragmentation and for the high proportion of micro-businesses.

One of the key trends observed across the CCS is the increasing fragmentation of employment patterns. A realistic scenario is that in many instances, the CCS will not organise themselves as companies, but rather as a myriad of freelancers and self-employees who work together on a project-per-project basis. The CCS are much more driven by objectives and projects rather than their administrative status.

This results in highly volatile employment patterns and challenges access to social security rights.

This trend may result in a restructuration of the sector around cultural and creative places and networks, such as creative spaces, arts schools, universities, and artistic communities structured around cooperatives or similar structures.

From a policy point of view, this requires taking a closer look at atypical forms of employment and assessing:

- 1) To what extent are the current labour market rules fit for a highly fragmented work environment.

- 2) How social security rights apply to atypical forms of work and consider setting updated standards for freelancers/self-employees.

This could be done through a joint report between the CULT and EMPL committees.

Skills and education

Skills, education and literacy policy are instrumental policy areas for the development of the CCS in Europe in the long run. In particular, the study has highlighted the need for strengthened professional skills in order to work with digital and multidisciplinary teams, but also the relevance of the STEAM approach to stimulate crossover innovation, reduce the next generation's skills gap and prepare the professionals of tomorrow for versatile work environments. The CCS are also evolving in a fast-paced environment, where new technologies are introduced frequently across the CCS market. This calls for flexible and well-designed re-training and lifelong learning opportunities.

In this context we would like to make the following recommendations:

- 1) Encourage programmes for skills development and lifelong learning (e.g. CEDEFOP and the European Social Fund) to include a clear component for culture and creativity.
Where the CCS are explicitly included (ERASMUS+), assess the actual use and impact of the projects.
- 2) Support programmes integrating the arts into STEM curricula as well as cross sectorial projects blending the arts with STEM disciplines. The CULT Committee could recommend that the Commission better connects existing initiatives at the intersection of creativity, science and technologies across DGs (e.g. STARTS initiative-DG CONNECT, Worth Project-DG GROW and 'Bridging culture and audiovisual content through digital' projects funded under Creative Europe) to facilitate knowledge transfer, networking and crossover innovations.
- 3) The CULT Committee could spearhead the development of a CCS literacy policy, for example through an own-initiative report or via a pilot project/preparatory action. Such literacy policy would help to stimulate the interest and demand for European cultural diversity, as well as stimulate creative thinking across EU citizens.
Well-developed policy documents on film education²¹⁶ could serve as an inspiration for such initiatives.

Sustainability of CCS businesses and organisations

The sustainability of the CCS needs to take into account several factors. Changes in public and private funding for the CCS are also very likely to happen over the next decade. This requires special attention to ensure the vital role of non-profit cultural associations is maintained in Europe. The CCS keep redeploying their business models to adapt to different technological shifts, and adequate support to entrepreneurship needs to be considered so that it remains a thriving economic driver in Europe. This is particularly important in the context of increasing international competition likely to increase by 2030, with emerging CCS markets expanding on the international scene (e.g. China, Brazil, South Korea, Nigeria).

Financial sustainability needs particular attention, as accessing adequate financing remains a key challenge for the CCS. Finally, the environmental footprint of the CCS needs to be taken into account.

²¹⁶ See for example DG CONNECT's Communication on European film in the digital era - Bridging cultural diversity and competitiveness, and especially the recommendations on film education: https://ec.europa.eu/assets/eac/culture/library/reports/com272_en.pdf

The sector seems eager to act on the issue, and the CCS can help to inspire and enact changes towards a greener Europe. The European Parliament's CULT Committee can take a proactive role by:

- 1) Ensuring the CCS are adequately included in all programmes for entrepreneurship (future COSME programme, Horizon Europe), especially taking into account their specificities (e.g. CCS businesses tend to go international much more quickly than other sectors, so calls for internationalisation of SMEs should be open to smaller structures).
- 2) Ensuring the CCS Guarantee Facility continues operating under the future InvestEU programmes, and is extended to new forms of financing (e.g. microfinance, equity).
- 3) Monitoring the level of public support for culture and ensuring that non-profit CCS are sustained across Europe.
- 4) Incentivizing the CCS to take up an active role in terms of environmental sustainability by setting up a 'green label' for good practice initiatives and/or a 'bonus' mechanism in EU call for proposals targeting the CCS. For example, this could take the form of an increased EU co-financing rate when using eco-friendly materials in architecture, design, fashion, or projects reducing the digital footprint in the audiovisual, video games or music industries. This is an area of cooperation with the ENVI Committee of the European Parliament.

Diversity and inclusiveness

The foresight analysis suggests that diversity and inclusiveness of the CCS will increase in the coming years. This will notably stem from the development of grass-root initiatives that embrace CCS as engines of transformation and transition towards a different model of living.

In this context, the CULT committee may:

- 1) Commission studies and research in the diversity of the CCS workforce, with a view to identify and tackle the main inequalities in the sector.
- 2) Encourage the development of pledges mechanisms that promote gender equality and monitor their impact, following the successful model of the KeyChange initiative.²¹⁷
- 3) Set up regular data collection exercise on CCS to monitor audience diversity and ensure access to culture is as wide as possible (e.g. via Eurostat barometers).

The role of arts and culture in European democracies

While the role of arts and culture in bolstering an active citizenship is widely acknowledged, it is not clear how this contribution will evolve in the near future. As evidenced by the foresight analysis, the CCS will contribute to shared values of democracy, human rights and freedom of expression. However, artistic freedom is likely to be threatened, and censorship of cultural organisations may increase by 2030.

In this uncertain context, the European Parliament's CULT Committee could act by:

- 1) Strengthening cooperation with the Council of Europe's Indicator Framework on Culture and Democracy to ensure freedom of expression is preserved (including quality journalism and media plurality)
- 2) Consider financing CCS-led active citizenship projects (e.g. arts-based projects against fake news and disinformation, or CCS projects mobilising European citizens to develop a shared European narrative).

²¹⁷ See [KeyChange](#) case study in section 2.3

- 3) Encouraging the development of shared narratives through culture can be a powerful means of reinforcing cohesion in society. The European Parliament could give visibility to such shared narratives by organising a yearly event or exhibition, where exchanges and discussions could be held between MEPs and artists.

Support programmes and tools

Recent developments at EU level have paved the way for ambitious CCS support mechanisms. Beyond the specific actions suggested above, particular attention should be paid to several key programmes for the CCS for the CULT committee:

- 1) The Creative Europe programme: the CULT Committee should especially ensure its budget is not reduced as part of the final financial negotiations.
- 2) New European Institute of Innovation and Technology's Knowledge and Innovation Community dealing with the CCS. While the initiative is already underway, the CULT Committee should provide support and ensure an adequate level of support is allocated to this innovative initiative.
- 3) The EU strategy for culture in external relations requires a clear line of action, governance model and budget, with open calls favouring partnerships with local CCS organisations. The European Parliament should work with the European Commission to ensure a clear set of actions and adequate budget is set aside for such purposes.
- 4) The CCS Guarantee Facility is a unique instrument addressing a key issue for the CCS: access to finance. The European Parliament could ensure its successful take-up as part of the future InvestEU programme.
- 5) The future Horizon Europe programme is the opportunity to strengthen research and innovation across the CCS, notably to help them tackle the upcoming technological challenges. Compared to Horizon 2020, the scope of the future programme could be broader than support to cultural heritage research and innovation, and focus on other sectors of priority (e.g. publishing against fake news, sustainable architecture or fashion).
- 6) The EP could consider financing a preparatory action supporting CCS social innovation projects, which would aim to stimulate participatory arts and cultural projects, activating local communities to develop shared and locally-rooted European narratives.

Finally, most of the recommendations will be difficult to implement as long as culture remains side-lined in terms of political priorities at EU level. Embedding culture as part of the European Union priorities towards 2030 requires decisive actions, and many of the policy recommendations require cooperation with different policy areas. In this context, appointing a Commission Vice-President with a culture portfolio²¹⁸ would be a strong starting point to ensure the CCS are adequately taken into account in their cultural, and artistic dimensions, but also in their social, economic, environmental and democratic facets.

²¹⁸ This was also pointed out by cultural associations such as Culture Action Europe: <https://cultureactioneurope.org/news/cae-letter-to-president-von-der-leyen/>

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ANNEX I: POLICY- DELPHI RESULTS

The questionnaire

The policy Delphi survey was launched on **20 June 2019** and closed on **4 July 2019**. The survey aimed to contribute to the study by gathering views of organisations operating in culture and creative sectors (CCS) on the most important trends in the CCS. The survey was distributed using targeted emails to CCS stakeholders as well as on social media (Twitter, LinkedIn, Facebook).

The survey questionnaire was divided into five sections and included both multiple-choice and open-ended questions. The first section aimed to collect information about respondents (the sector they work in, country of work etc.). In the second section, survey respondents were asked to select eight drivers/trends that are most important for the CCS at the moment. In the third section, they were asked to envision how the drivers/trends they selected will change in the next 10 years. In fourth section, they were asked about what positive impacts are most likely to happen because of these drivers. Finally, they were asked a similar question about negative impacts.

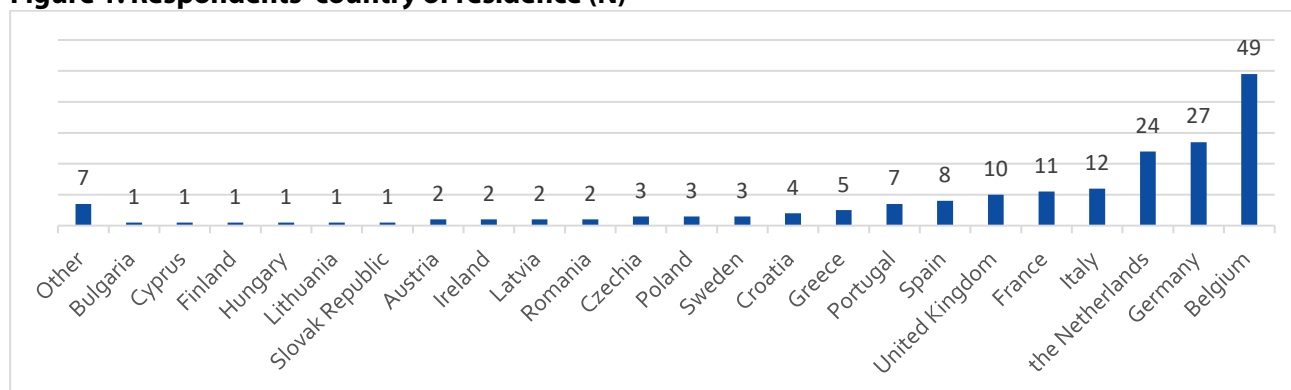
Overview of participation

The survey received 187 replies. Of all respondents, 60% (N=112) completed the questionnaire in full and 40% (N=75) have provided partial responses that are usable for the analysis.

Distribution by country

The survey respondents originated from 23 EU Member States, with most coming from Belgium (N=49), Germany (N=27), and the Netherlands (N=24). Seven respondents indicated that they are based in countries outside the EU, namely in Norway (N=2), Switzerland (N=1), Serbia (N=1), Albania (N=1), the United States (N=1) and China (N=1).

Figure 1: Respondents' country of residence (N)

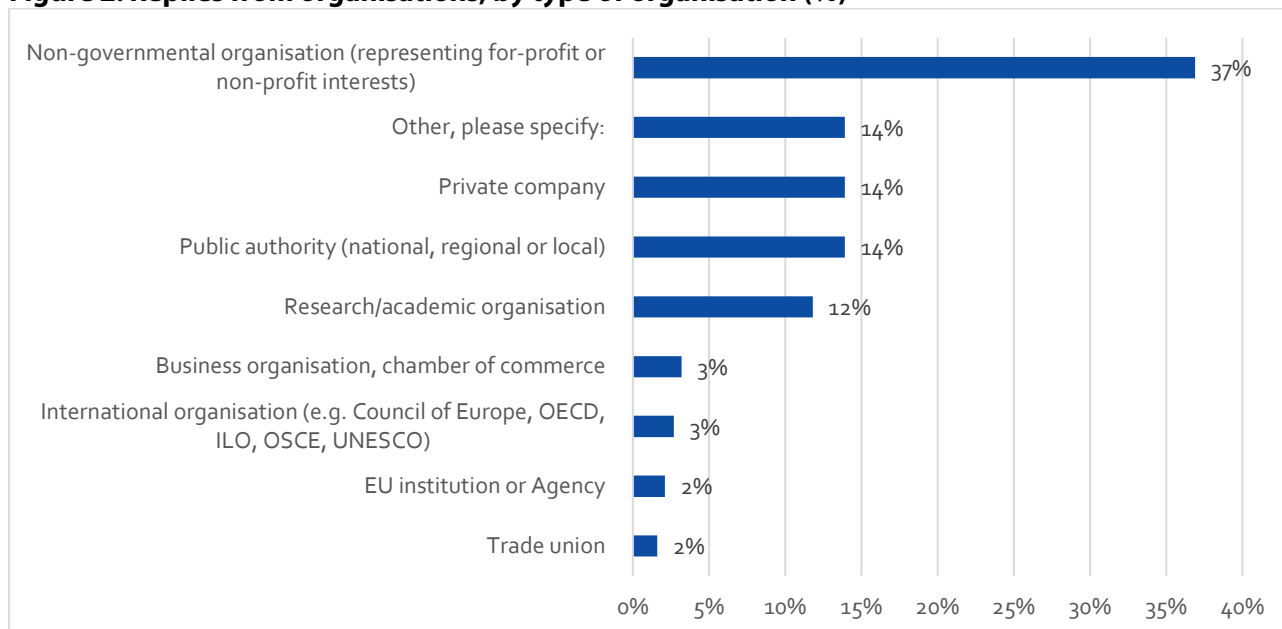


N=187

Distribution by type of respondent

The policy Delphi survey gathered a balanced type of respondents. The largest group represented non-governmental organisations (N=69), followed by private companies (N=26) and public authorities (national, regional, or local) (N=26). Contributions from international organisations were relatively scarce (N=5), as well as responses from EU institutions (N=4) and trade unions (N=3). A large share of respondents indicated that they belong to other type of organisation (N=26).

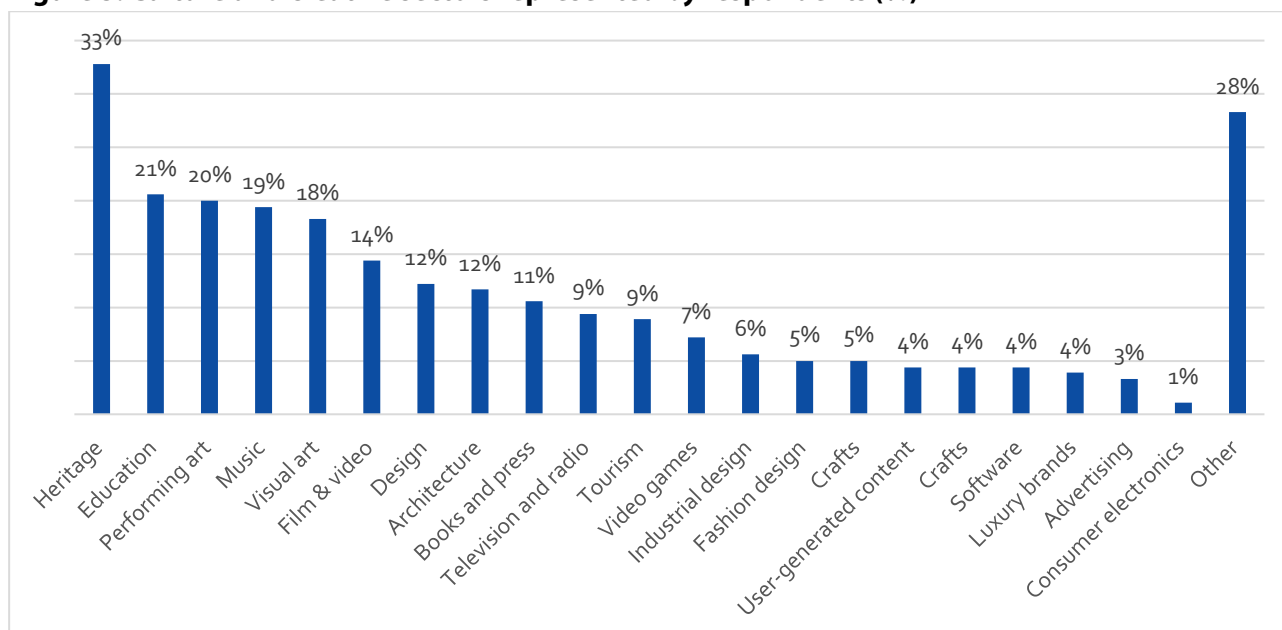
Figure 2: Replies from organisations, by type of organisation (%)



N=187

In terms of sectors represented by respondents, the survey attracted respondents working in a variety of CCS. Most respondents worked in heritage sector (N=59), followed by education (N=37), performing art (N=36), music (N=35) and visual art (N=33). Consumer electronics (N=2), advertising (N=6), and luxury brands (N=7) were among least represented sectors in the survey. It was a multiple-choice question and respondents could select several sectors. Regarding analysis of other questions, there were no major disparities observed between respondents from sectors that are most represented in the survey.

Figure 3: Culture and creative sectors represented by respondents (%)

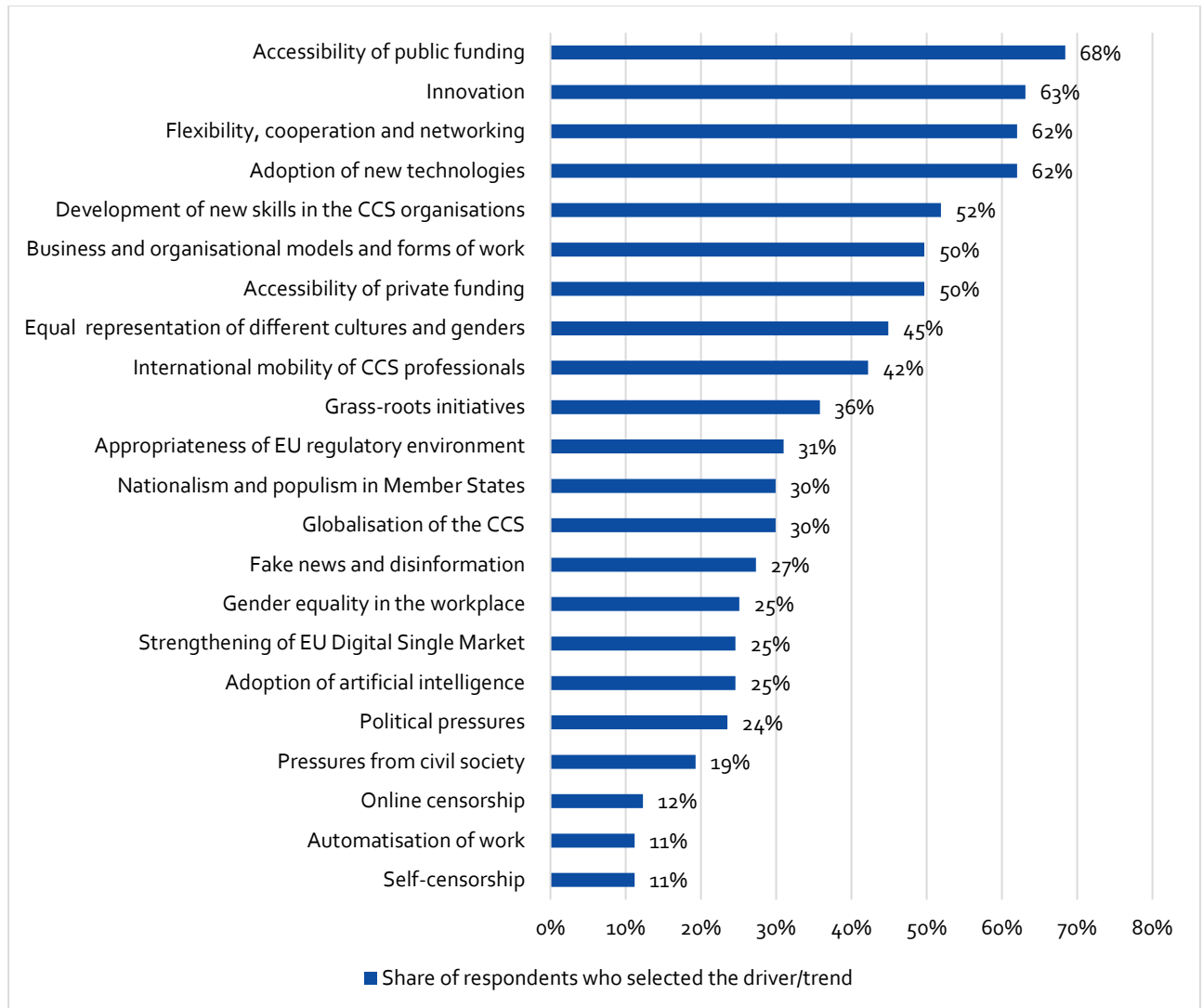


N=187

Questions on key drivers for the CCS

Survey respondents had to select eight drivers from a list provided, which they deem most important for the CCS at the moment. Most of respondents selected accessibility of funding (N=128); innovation (N=118); flexibility, cooperation and networking (N=116); and adoption of new technologies (N=116) as most important drivers for the CCS. Meanwhile, self-censorship (N=21), automatisisation of work (N=21), and online censorship (N=23) were among least important drivers for the CCS at the moment.

Figure 4: Respondents’ opinion on drivers/trends that are most important for the CCS at the moment

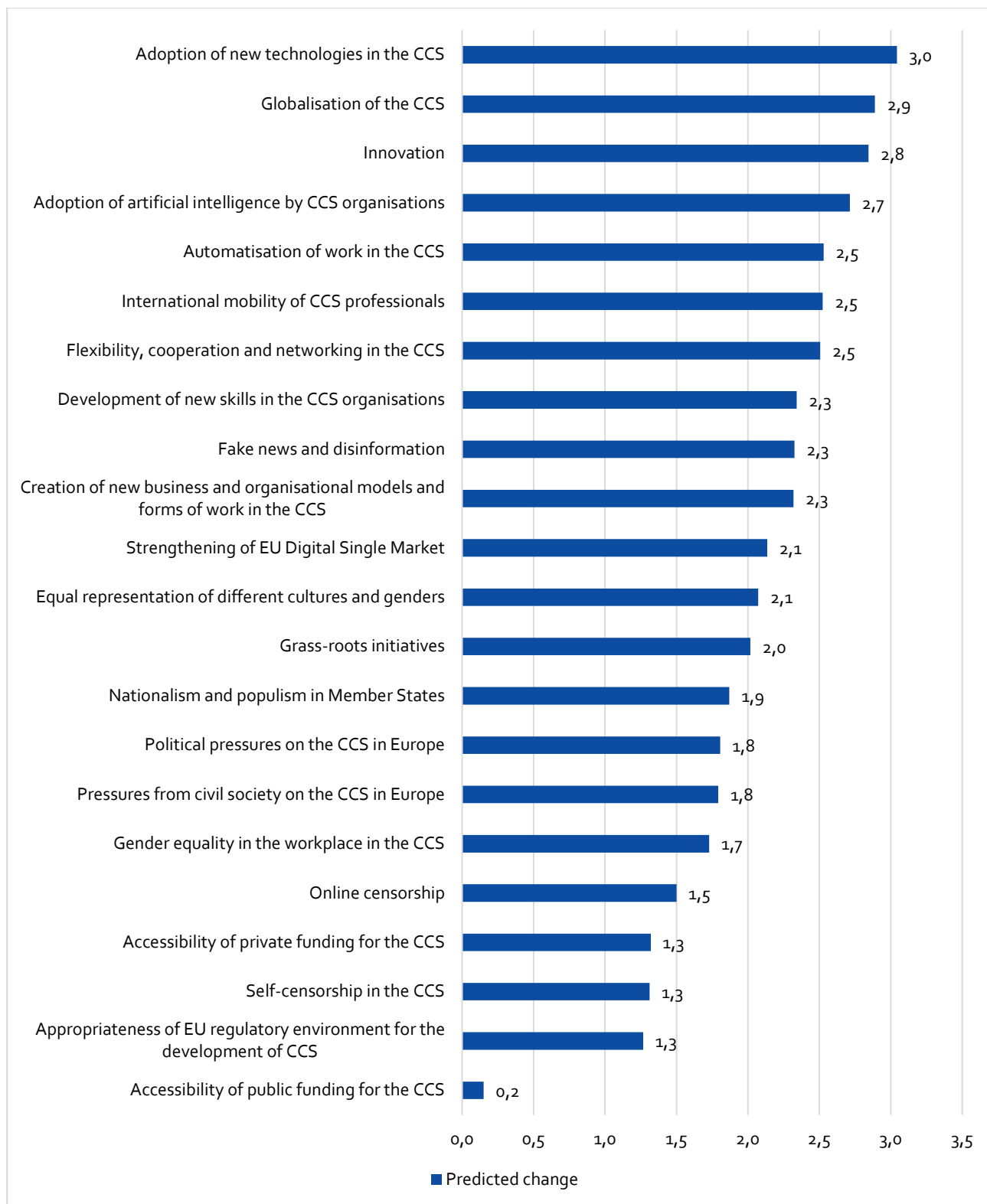


N=187

Questions on the future trends

Figure 5 presents survey respondents’ assumptions on how the drivers/trends they selected will change in the **next 10 years**. Respondents were asked to score each of the driver/trend they selected in the previous question from -5 to +5 (-5 means **decrease**, 0 means **no change**, and +5 **increase**). According to survey respondents, drivers that are likely to intensify and increase are adoption of new technologies in the CCS (average score: 3), globalisation of the CCS (average score: 2.9) and innovation (average score: 2.8). Meanwhile, least change was perceived to happen in accessibility of public funding for the CCS (average score: 0.2).

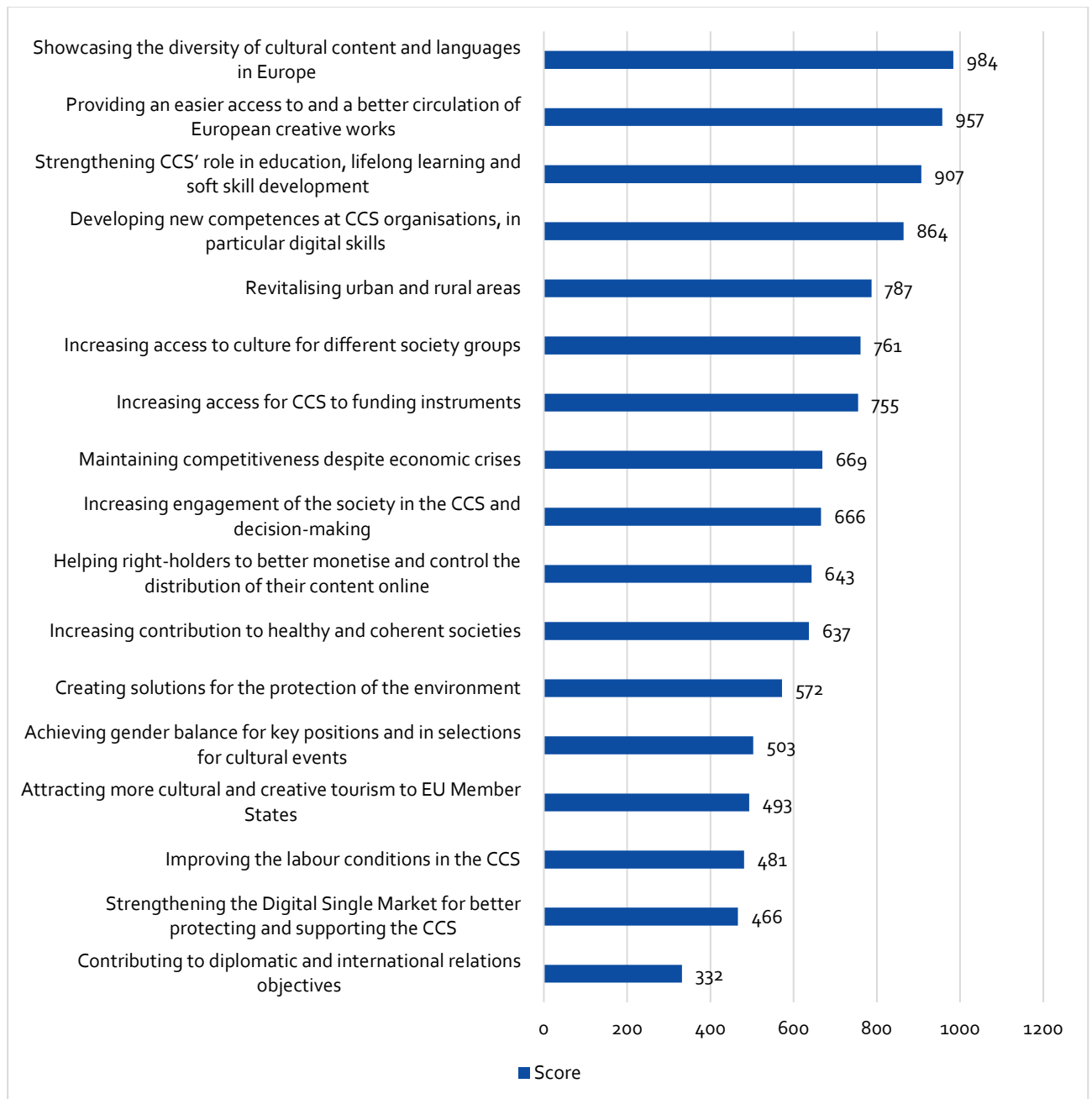
Figure 5: Average score on the future of the drivers/trends selected (likeliness to increase)



Questions on positive and negative impacts on the CCS

Survey respondents were asked about what **positive impacts** are most likely to be triggered by the trends they selected in previous questions. The scores presented in Figure 6 are based on a ranking system. According to respondents, the most likely positive impacts will be in the areas of showcasing the diversity of cultural content and languages in Europe (top 1), providing an easier access to and a better circulation of European creative works (top 2), and strengthening CCS' role in education, lifelong learning and soft skill development (top 3).

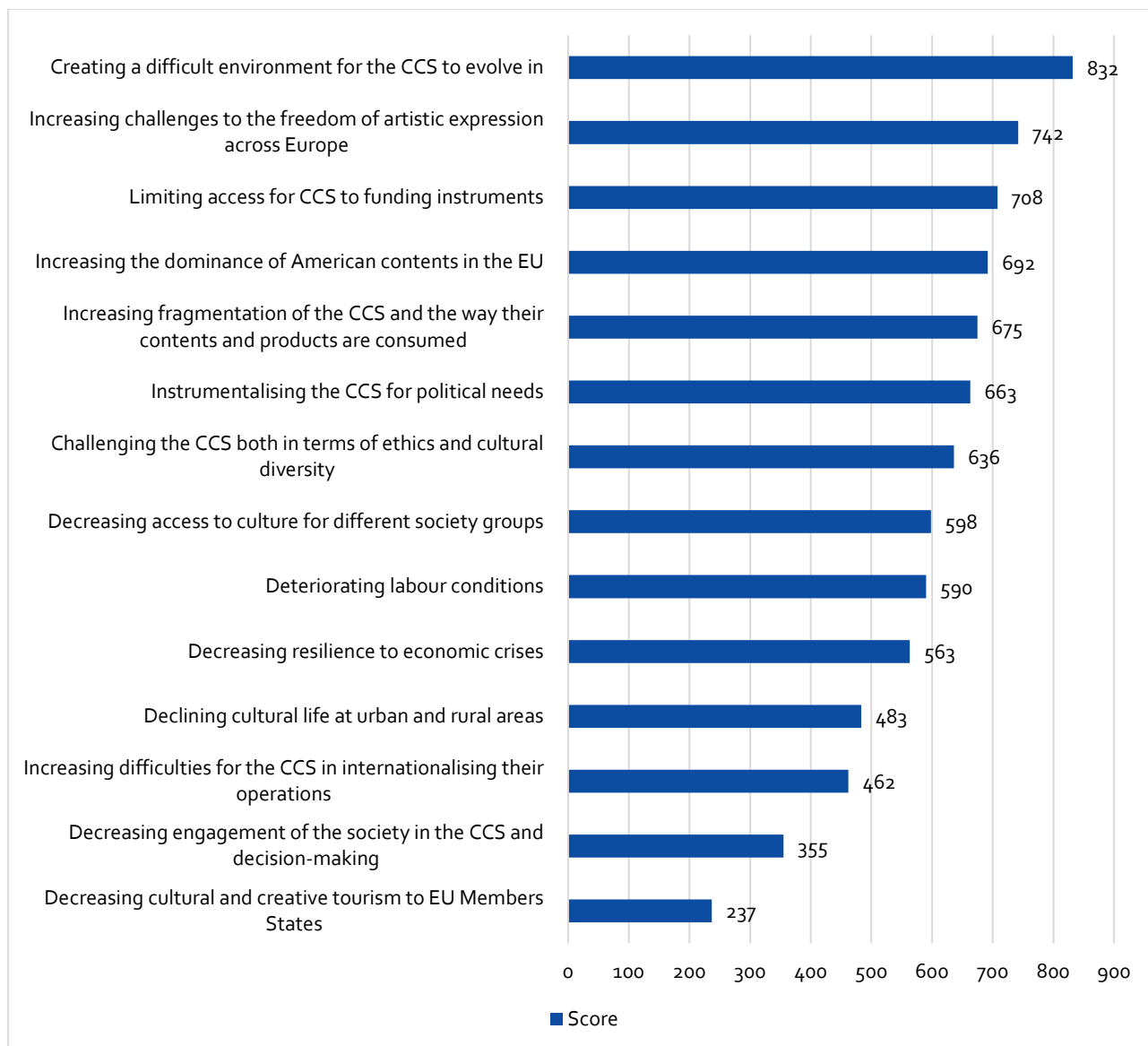
Figure 6: Respondents' opinion on positive impacts that are most likely to occur in the next 10 years (an overall score of the ranking)



N=132

Survey respondents were asked a similar question on what **negative impacts** are most likely to occur due to the trends they selected in previous questions. The scores presented in Figure 7 are based on a ranking system. Based on survey results, the negative impacts that are most likely to occur in the next decade are in the areas of creating a difficult environment for the CCS to evolve in (top 1), increasing challenges to the freedom of artistic expression across Europe (top 2), and limiting access for CCS to funding instruments.

Figure 7: Negative impacts that are most likely to occur in the next 10 years (an overall score of the ranking)



N=124

ANNEX II: ORGANISATIONS REPRESENTED IN THE VALIDATION WORKSHOP

	Organisation	Sector
1	ACT – Association of Commercial Televisions in Europe	Audiovisual
2	Culture Action Europe	Cross sector
3	EFADS - European Film Agency Directors	Audiovisual
4	Europa Nostra	Cultural heritage
5	European Commission DG CONNECT	Policy-maker
6	European Cultural Foundation	Cross sector
7	EVA – European Visual Artists	Visual arts
8	FERA - Federation of European Film Directors	Audiovisual
9	Federation of European Publishers	Publishing
10	IETM - International network for contemporary performing arts	Performing arts
11	IMPALA - Independent Music Companies Association	Music
12	LiveEurope	Music
13	London City University	Academic
14	More Europe	International cultural relations
15	Pearle* - Performing Arts Employers' Associations League Europe	Performing arts
16	SMIT-VUB	Academic

ANNEX III: A SUMMARY TABLE OF SCENARIOS

Below is an overview of all aspirational and disruptive scenarios developed per different area.

Economic area

Aspirational scenarios	The CCS will act as a significant driver of territorial attractiveness.	Culture and creative sectors in Europe will remain strongly competitive.	The funding policy in the EU will reflect better the innovative nature of the CCS and their structure.	The EU will create more economic incentives for the CCS.	New funding instruments will be developed to offset the financial and economic challenges that the CCS are facing.	The concentration of the sector will be reduced.
Probability index	4	3.2	3	2.9	2.8	1.9

Disruptive scenarios	The CCS will face a sizeable lack of funding.	Big non-EU companies will strengthen their monopoly on data.	International companies will pose an increased threat to the European CCS on various aspects.	Many successful European CCS companies will be bought off by international competitors.	The lack of funding and the lack of professional development opportunities in the CCS will lead to de-professionalisation of the sector.
Probability index	3.6	3.6	3.4	2.8	2.5

Labour market area

Aspirational scenarios	The CCS will ensure an advanced position in the society by remaining up to date with the latest trends.	In the next ten years, transnational mobility of the European CCS professionals will further increase.	CCS freelancers and in other atypical types of work will obtain more access to social security benefits and will increase their work security.	CCS professionals will obtain easier access to non-national markets.	Creativity and arts will increase their importance in learning curricula.
Probability index	3.5	3.3	3	3	2.9

Disruptive scenarios	Employees of the CCS will continue being pushed into unfavourable economic and social conditions.	Culture and arts will be governed by and performing for elites.	In the next ten years, transnational mobility of the European CCS professionals will still be restricted by national and EU regulation (such as lack of progress on visa liberalisation issues, etc.).
Probability index	3.7	2.9	2.7

Policy framework area

Aspirational scenarios	The EU will recognize the diversity of CCS and the diversity of European communities, by developing ways to address the CCS specifically on national, regional and local level.	Existing policy instruments will evolve and better support the CCS.	A holistic/ecosystem approach for the CCS will be embraced by EU policy makers (taking into account sector-specific challenges).	Policy makers and financial institutions will be fully aware of the value of culture for Europe and specificity of funding for the CCS.
Probability index	3.2	2.7	2.7	2.5

Disruptive scenarios	EU policy framework will not be appropriately adapted to support the CCS in the future.	The access to the CCS will remain difficult in rural/peripheral locations.	Polarisation of resources for the CCS will be insufficiently addressed by policy makers.	
Probability index	2.9	2.7	2.1	

Social aspects area

Aspirational scenarios	CCS will represent different society groups and foster cultural diversity.	Technology will help CCS to contribute to social cohesion, unity and inclusion.	The social benefits generated by CCS will be better understood.	With the ageing society, well-being will become a top priority for policy makers in the EU.
Probability index	3.6	2.9	2.6	2.6

Disruptive scenarios	Demographic changes and social issues will limit participation in the CCS.	Cultural diversity will be used for polarising society online, for the benefit of political groups.	The European cultural diversity will be underrepresented in the EU, due to the increasing dominance of American, Indian and Chinese content and/or companies.	
Probability index	2.7	2.3	2.3	

Technology area

Aspirational scenarios	Technology will increase the growth of certain sectors (e.g. audiovisual, video games).	Technology will increase citizen engagement and modernize operations in more traditional sectors (e.g. museums, heritage).	The funding for development of digital/technology skills will increase.	The CCS will be well adapted to the technological/digital transformation, as the policy framework will promote knowledge-sharing, mobility among CCS organisations.	EU citizens will be able to make the most of CCS, as the digital literacy of users will increase.
Probability index	4	2.9	2.7	2.5	2.5

Disruptive scenarios	Platform-led digital future will challenge ethics and cultural diversity of CCS.	Artificial intelligence will put smaller companies operating in CCS at a disadvantage making cultural content available but not accessible.	CCS will lack skills to make the best of the digital/technological transformation.	With the increasing attention for development of digital skills, artists will face difficulties with finding people with 'old'/'traditional' skills.
Probability index	4.3	3.7	2.5	2.2

International cultural relations area

Aspirational scenarios	European CCS will strengthen their role in building a shared European space.	The role of culture will be strengthened in neighbourhood policies, through partnerships/cooperation at local and regional level.	European CCS will strengthen their role as global content providers.	International cultural relations/dialogue will be mainly led by cultural practitioners and the official diplomats will be culturally skilled.	The mobility of artists will be made easier (e.g. simplified procedures for obtaining visas).	CCS products/services will be consumed by citizens across EU countries, as trade in CCS will be made easier by cultural exceptions in trade agreements	All EU countries will play an equal role in trade relations.
Probability index	3.4	3.3	2.9	2.5	2.4	2.3	1.5

Disruptive scenarios	The trade of CCS products will be dominated by large EU countries.	The CCS will lack competitiveness to play a role in global cultural relations.	International dialogue/relations will be reduced, as the role of CCS will be overlooked in this domain.	The CCS will contribute significantly less to building a shared European space.
Probability index	3	2.6	2.1	1.8

Politics and artistic freedom area

Aspirational scenarios	CCS will contribute to shared values of democracy human rights and the freedom of expression.	CCS will foster the inclusiveness of the society.	The EU will take a clear and univocal stance on the freedom to publish and on the defence of artistic freedom.	Recognition, celebration and visibility of artistic freedom will be increased through increasing visibility and attractiveness of corresponding prizes and awards.
Probability index	3.9	3.7	3.1	2.7

Disruptive scenarios	There will be an increase in violation of artistic freedom and censorship of cultural organisations.	Nothing is going to change in terms of artistic freedom in the CCS, as it is difficult to monitor censorship and hate speech.
Probability index	3.9	2.6

Environmental area

Aspirational scenarios	The CCS will inspire individual and societal change.	The awareness on sustainability of the CCS will increase throughout the next ten years.	More evidence-based research and measurement of the impact of the CCS on the environment will be carried out in the next ten years.
Probability index	4.2	4.1	3.7

Disruptive scenarios	Increasing big data weight will significantly damage the environment.	The climate change will lead to significant damages of the cultural heritage.	The CCS will retain its detrimental impact on the environment.
Probability index	3.9	3.7	2.8

Culture and creative sectors (CCS) are confronted with an ever-changing environment challenging practices, business models and market balances. This study highlights key trends within these sectors as well as in their operational context that are likely to impact future development of the CCS in the European Union at the horizon 2030.

PE 629.203

IP/B/CULT/IC/2019-006

Print ISBN 978-92-846-5461-1 | doi:10.2861/454308 | QA- 02-19-639-EN-C

PDF ISBN 978-92-846-5460-4 | doi:10.2861/369258 | QA- 02-19-639-EN-N