

Cultural and creative sectors in post-COVID-19 Europe

Crisis effects and policy recommendations



Culture and Education



RESEARCH FOR CULT COMMITTEE

Cultural and creative sectors in post- COVID-19 Europe

Crisis effects and policy
recommendations

Abstract

Cultural and creative sectors (CCS) have been hit hard by the consequences of the COVID-19 pandemic. This study analyses the so far effects of the crisis on the CCS, as well as the policy responses that are formulated to support the sectors. Based on the analysis, policy recommendations are formulated to further improve the resilience of the CCS in Europe in the medium and longer term.

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LIST OF ABBREVIATIONS AND ACRONYMS

AI	Artificial Intelligence
CCS	Cultural and creative sectors
CCW	Cultural and creative worker
CULT	Culture and Education Committee
EBU	European Broadcasting Union
EFA	European Festival Association
EP	European Parliament
ESCO	European Skills, Competences, Qualifications and Occupations
ESS	European Statistical System
EUIPO	European Intellectual Property Office
ICOM	International Council of Museums
IETM	International network for contemporary performing arts
IMPALA	Independent Music Companies Association
KIC	Knowledge and Innovation Community
LFS	Labour Force Survey
NEMO	Network of European Museum Organisations
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
SDGs	UN Sustainable Development Goals for 2030
SME	Small or medium-sized enterprise
SVOD	Subscription Video On Demand'
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization

VAT

Value-added tax

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EXECUTIVE SUMMARY

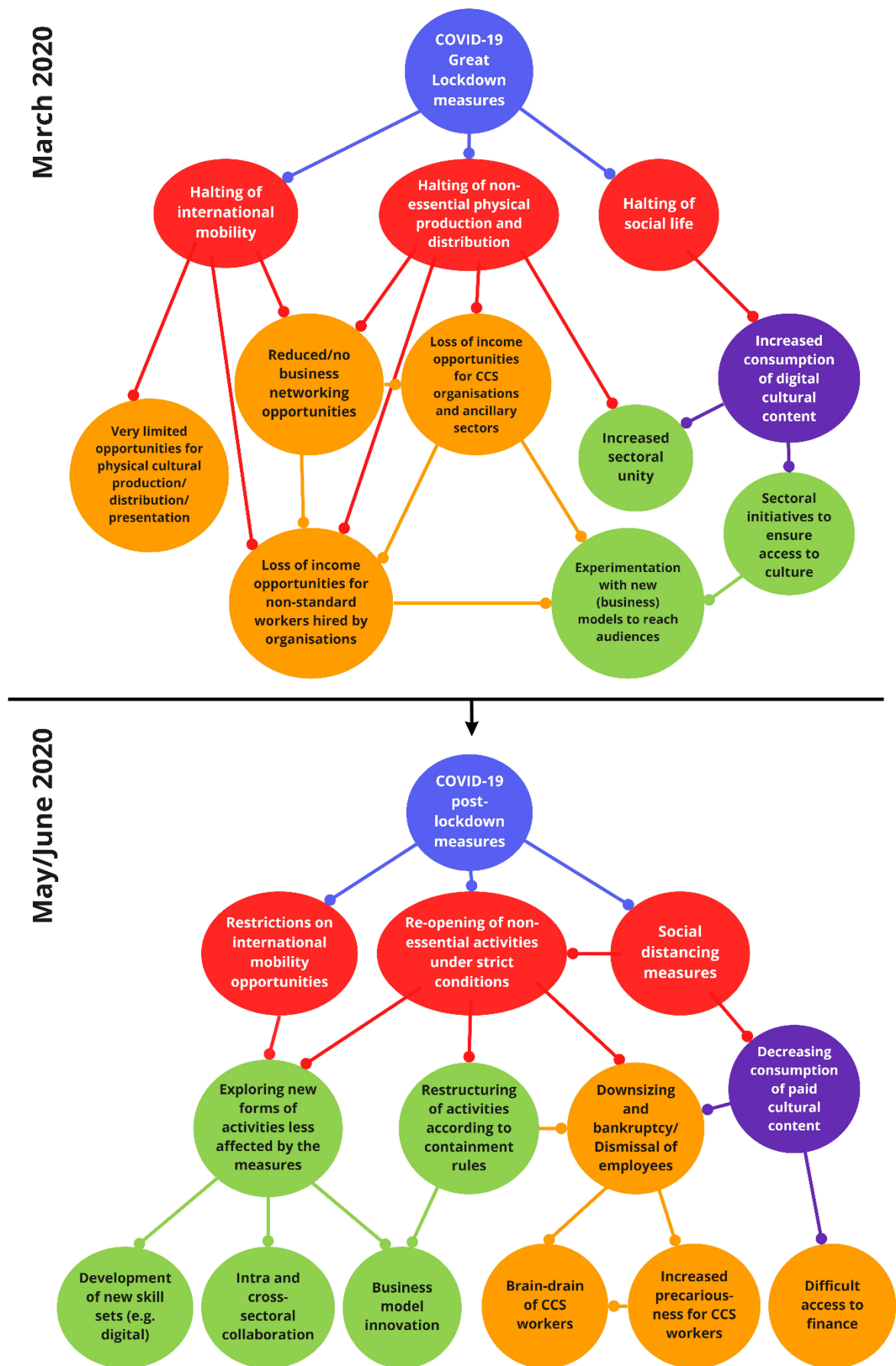
Pre-COVID-19, the Cultural and Creative Sectors (CCS) were already characterised by fragile organisational structures and working practices. The fragmented organisation of value chains, the project-based working and the (not well-protected) Intellectual Property (IP)-based revenue models are only a few elements contributing to this.

Large parts of the CCS are hard-hit by the COVID-19 crisis

Since the COVID-19 pandemic hit Europe in spring 2020, the **CCS have been among the most negatively affected sectors**. The containment measures that have been put in place throughout the EU have led to a chain of effects, severely impacting the economic and social situation in the CCS (see Figure 1)¹. Especially the venue- and visitor-based sub-sectors such as the performing arts and heritage were most severely hit. Furthermore, the crisis has highlighted the very vulnerable position of many non-standard workers in the CCS, such as artists, freelancers or temporary workers.

¹ The analysis of the effects in this study primarily relates to the period March-September 2020.

Figure 1: The impact of the COVID-19 crisis on the CCS – a chain of effects



Policy support focuses on emergency measures, not (yet) on relaunch and innovation

Policy makers in Europe have taken considerable and unprecedented measures to support the CCS during the crisis. Until autumn 2020², **public measures primarily focused on short-term emergency support**. Non-public supporters such as collecting organisations and foundations were more inclined to support the CCS by providing innovation-related support. Nevertheless, the expected losses of income for the CCS by far outweigh the support measures in place. Moreover, innovation topics highlighted in emergency and relaunch support measures lacked a broad perspective – addressing beyond the digital opportunities (current) major crises affecting the CCS and their role in society at large (in relation to e.g., health, environmental, social cohesion, international solidarity and economy).

The CCS are an integral part of the EU's way out of the crisis, if built on more sustainable systems

While the COVID-19 crisis continues to heavily impact the CCS in 2021, it also provides **momentum to further accelerate a number of trajectories towards more sustainability** that emerged prior to or during the crisis. Given the multilevel vulnerabilities that characterised the sectors already pre-COVID-19, a return to the 'old normal' after the crisis is not considered as a viable option. A more systemic transition is needed in which unsustainable practices (related to, e.g., vulnerable working situations, fragile remuneration structures) are replaced by more sustainable alternatives. The alternatives that emerged during the crisis so far provide a strong foundation upon which to further develop.

During the crisis many **CCS workers and organisations have shown their innovative power to experiment with possible alternatives**, often in collaboration with new partners. When the containment measures forced CCS organisations and freelancers to halt their normal activities, many promptly adapted to new digital distribution formats – with interesting lessons learnt to further build upon. The CCS witnessed an increased sectoral unity through numerous joint actions and movements. But the **most striking opportunities that the crisis has accelerated relate to the great contribution of CCS organisations and professionals to the well-being of citizens, social innovation and social cohesion**.

To accelerate these opportunities, support for innovation and experiments will be crucial. The **2030 Sustainable Development Goals of the United Nations can serve as a powerful compass for steering (support for) the transition process** as they set clear and internationally approved ambitions and mobilise every citizen, organisation, sector or institution to contribute. The crisis has illustrated the power of the CCS to be(come) a substantial partner in the EU's commitment to implement the United Nations' 2030 Agenda.

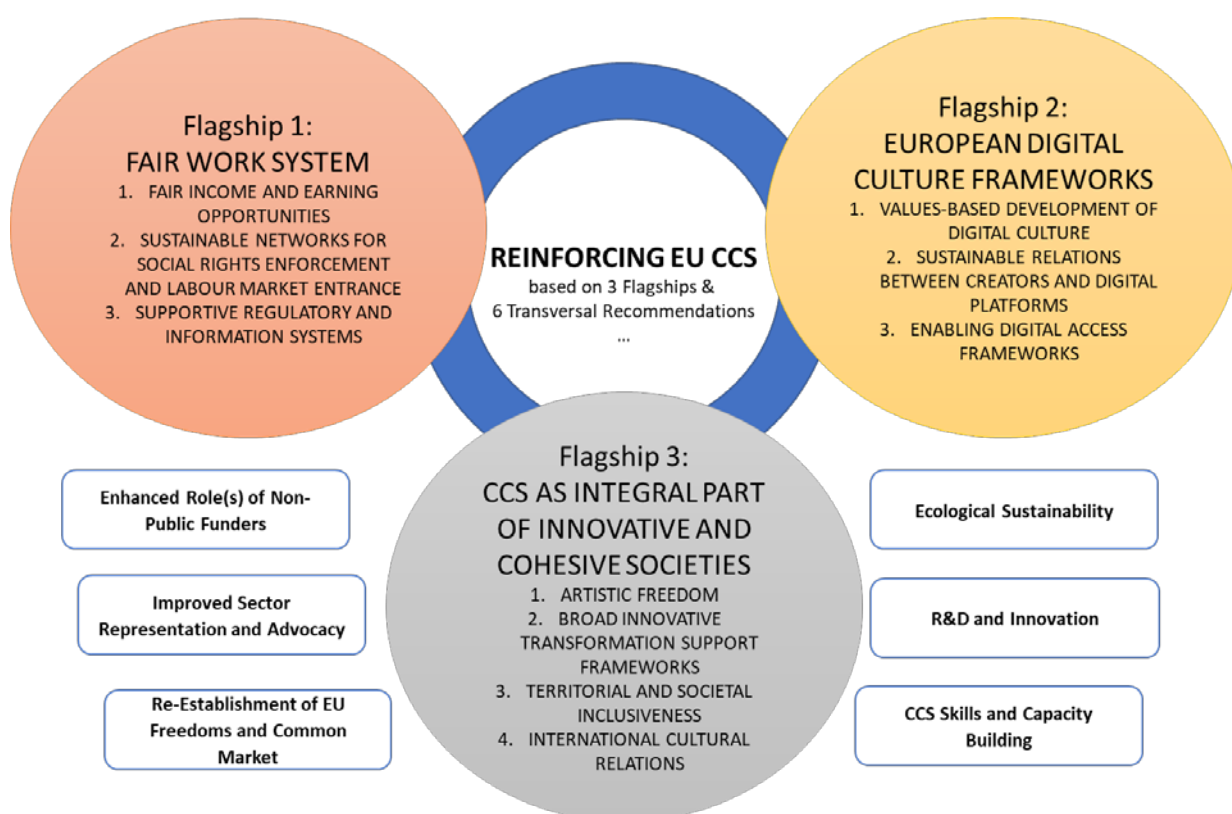
Reinforcing the CCS requires substantial public commitment and investment

It is now of critical importance to **capitalise on the most forward-looking new approaches** and to further develop them into sustainable policies and practices. Policy makers have an **important role to**

² The analysis of policy support measures in this study covers the period of March to September 2020

play in accelerating the upscaling and consolidation of those new approaches, while at the same time ensuring the phasing out of unsustainable structures and practices in the CCS. To this end, we have clustered our recommendations for policy action into **three Flagship Initiatives** for a long-lasting and sustainable recovery of the CCS. Each Flagship consists of several crucial pillars that require policy action.

In addition to the Flagship Initiatives, we also recommend that policy makers **address a number of transversal issues**. These include among others, ecological sustainability, skills development, access to R&D and innovation systems, and a re-establishment of the EU freedom of movement and common market.



1. CCS AND COVID-19: CRISIS EFFECTS

KEY FINDINGS

- Since mid-March 2020, all European Member States have taken measures to contain the spread of the COVID-19 virus. This has induced a chain of effects, severely impacting the economic and social situation in the CCS. The Cultural and Creative Sectors (CCS) have been among the sectors most negatively affected by the COVID-19 crisis.
- The crisis had an immediate effect on income opportunities, business networking opportunities and challenges to reach audiences in alternative manners. Wider social effects related to changing cultural consumer habits and the great contribution of the CCS for individual well-being and social cohesion during the crisis.
- Beyond the direct negative effects due to the halting of activities, the crisis underlined especially pre-existing unsustainable structures and practices in the sectors. One group that appears particularly vulnerable in the CCS ecosystem, are the many non-standard workers.
- Although the crisis was felt throughout the CCS, the impact of the crisis was not equal for all activities and workers. Especially the venue/visitor-based sub-sectors such as the performing arts and the heritage sector were most directly and severely hit.

1.1. Research approach

1.1.1. Scope of research

Considering the objective of this study, the analysis of the effects of the COVID-19 crisis focuses on the following eight CCS sub-sectors and their respective value chains:

- Performing arts
- Music
- Visual arts and crafts
- Cultural heritage
- Film
- Book publishing and press
- Radio and television
- Games and animation

For the analysis we have combined desk research with a broad consultation of CCS actors, policy makers and other experts. We refer to the reference list and ANNEX I for an overview of the different data sources that have been consulted and a more detailed description of a number of concepts used in the course of this study. The research team also organised interviews with experts and stakeholders, as well as four online focus group discussions. We refer to ANNEX II and ANNEX III for an overview of the interviewees and focus group participants.

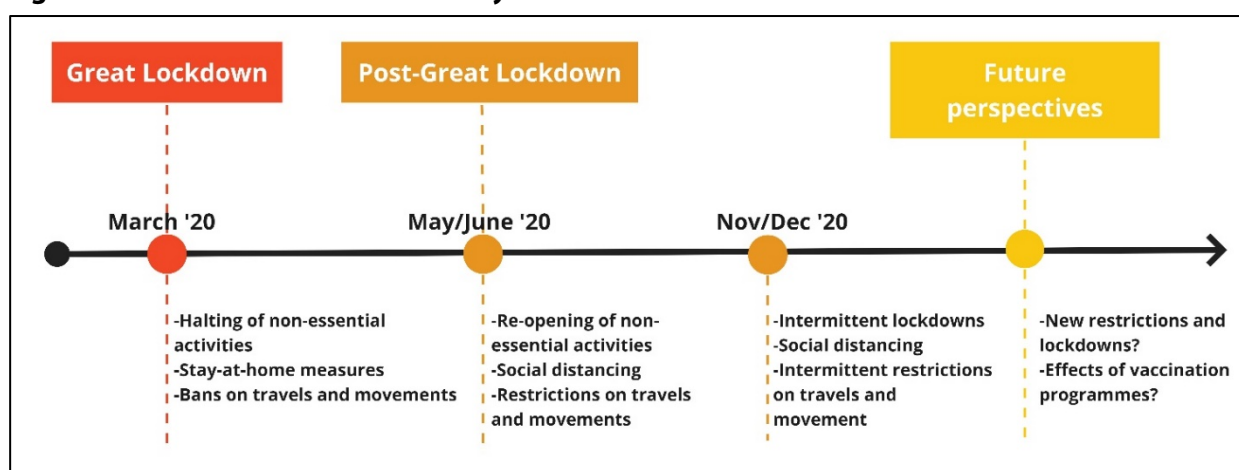
1.1.2. Time frame

Rather than approaching the analysis under a short-, medium- and long-term perspective, the high degree of uncertainty of current and future times has favoured the use of a timeline that strictly refers to specific moments in time.

Despite regional differences about the exact time of introduction of measures to contain the spread of the virus, we analyse the effects of COVID-19 on the CCS based on a common timeline. More specifically, the effects are analysed in relation to the containment measures taken in the following reference periods:

- **Effects of Great Lockdown containment measures (period: March – May/June 2020):**³ Which direct effects did the Great Lockdown containment measures have on the cultural and creative organisations and freelance workers? Which sub-effects did the main effects have at individual and sectoral levels?
- **Effects of post-Great Lockdown containment measures (period: May/June 2020 – present):** After the very strict Great Lockdown measures, containment measures have been relaxed throughout Europe from May/June onwards. However, the relaxing of measures came with high uncertainty. As local or wider flaring of the virus was detected, containment measures needed revision, requiring businesses to adapt their offering (if allowed doing business at all). From October 2020 onwards the rapid spreading of the virus even forced many EU Member States to re-introduce severe lockdown measures. How did these post-Great Lockdown measures affect the cultural and creative practices at individual and sectoral levels? Have they allowed CCS organisations and freelancers to pick up activities again (with adapted formats)?
- **Future perspectives:** What are the future perspectives on the longer-term impact of the COVID-19 crisis on the CCS at sectoral level given the high vulnerability generated by the Great Lockdown and post-Great Lockdown measures?

Figure 2: Time frame of the analysis



Source: Figure developed by the study authors

³ The expression 'Great Lockdown' has been used consistently since the spread of the pandemic in many articles, studies and reports comparing the COVID-19 lockdown period to the Great Recession of 2009. Both crises reveal some similarities, especially in terms of global impact on economic growth, economic activity, and employment.

1.2. CCS before COVID-19: a fragile ecosystem

Before the COVID-19 pandemic, the CCS have been characterised by a delicate economic situation. Despite growth trends in terms of number of employees and added value, the CCS across Europe suffered from an endemic vulnerability due to their industrial structure and the intrinsic characteristics of many activities (e.g. project-based working, public good character, unpredictability of success). This fragility is revealed by numerous data and analyses related to the ecosystem structure, employment and working conditions, access to finance and remuneration models.

1.2.1. A fragmented ecosystem structure

In 2017, there were more than 1.1 million **cultural enterprises** in the EU-27, representing approximately 5 % of all enterprises within the non-financial business economy. Together they generated a total value added of more than EUR 145 billion, equivalent to 2.3 % of the total non-financial business economy.

The number of enterprises born in the cultural sector in the EU-27 has grown between 2012 and 2017 at an average rate of 1.5 % per year, slightly above the average rate of the whole non-financial business economy, which grew at a rate of 1.4%.

Small and medium-sized enterprises (SMEs) (enterprises with less than 250 persons employed) dominate the vast majority of cultural activities within the EU-27, while large enterprises (with 250 or more persons employed) are predominantly active in programming and broadcasting activities.⁴ In 2017, SMEs employed the majority share of the EU-27 workforce for a range of cultural activities, including: 97.1 % of total employment for photographic activities, 91.5 % for specialised design activities, 85.9 % for printing and the reproduction of recorded media and 84.6 % for motion picture, video and television programme production, sound recording and music publishing activities.⁵

What makes the CCS unique is that organisations are often small-sized (with 10-49 persons employed) or even **micro-sized enterprises** (with less than 10 persons employed). A closer examination reveals that e.g., a majority of the EU-27 workforce in photographic activities (86.5 %) and in specialised design activities (78.3 %) was employed by micro-sized enterprises. Furthermore, the CCS ecosystem is also made up of a large number of **freelancers** and **temporary and intermittent workers**. It is on these non-standard workers that many small enterprises in the sector rely to execute cultural and creative activities (see section 1.2.2 for data on the topic); hence this is a major feature to take into account when analysing the effects of COVID-19 on the sector.

The CCS in Europe are thus characterised by **fragmented value chains**, dotted with numerous non-standard workers and organisations of various nature and size that need to closely collaborate to bring cultural and creative products and services from creator to consumers/audiences.⁶ This fragmentation is further deepened by the **high diversity in cultural and creative expressions**, services and goods as well as its linguistic diversity. In some cases, the linguistic diversity also poses challenges to the export and circulation of cultural products abroad. The theatre sector is certainly among the most striking examples, given the predominance of the linguistic components in live performances.

⁴ Eurostat, Cultural statistics – Cultural enterprises. Data extracted in March 2020, available here: <https://bit.ly/36CaTSD>

⁵ Eurostat, Cultural statistics – Cultural enterprises. Data extracted in March 2020, available here: <https://bit.ly/36CaTSD>; Structural business statistics overview, data extracted in April 2020 and available here: <https://bit.ly/34u81EH>. Small and medium-sized enterprises employed two thirds of the active population in the EU-27's non-financial business economy in 2017.

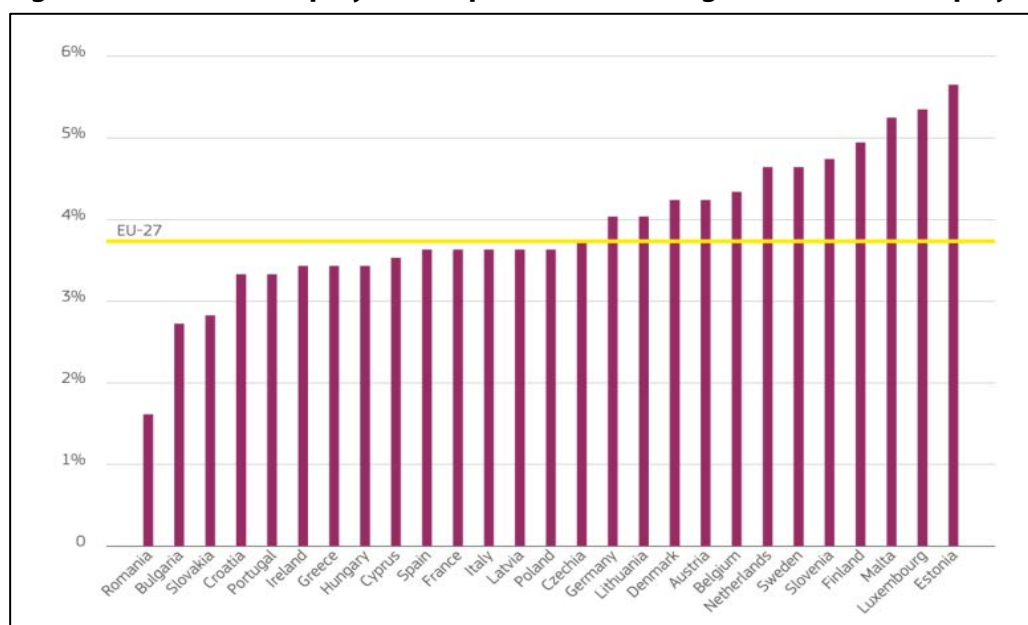
⁶ IDEA Consult, VUB-SMIT and KEA, *Mapping the creative value chains: A study on the economy of culture in the digital age*, European Commission - DG EAC, 2017. <https://op.europa.eu/en/publication-detail/-/publication/4737f41d-45ac-11e7-aea8-01aa75ed71a1>

This industrial organisation makes the European CCS ecosystem unique and diverse, but also highly fragmented. This fragmentation is also reflected in the sector's **difficulty to speak with one united voice**.⁷ Each sub-sector can build on representative sectoral organisations that defend the interests of the sub-sector towards policy makers at national and European level. However, the European CCS rarely act on behalf of a united (i.e. not a collection of sub-sectors) cultural and creative community.

1.2.2. Irregular employment and fragile working conditions

In 2018, there were 7.4 million people across the EU-27 carrying out a cultural activity or having a **cultural occupation**, which presents an overall increase of 8% since 2014. This number was equivalent to 3.7 % of the total number of persons employed in the EU-27 economy.⁸

Figure 3: Cultural employment represents on average 3.7% of total employment in the EU-27



Source: JRC based on 2018 Eurostat data (Labour Force Survey)

Almost one third (32%) of the cultural workforce in the EU-27 was **self-employed** in 2019, compared with an average of 14 % for the whole economy (Labour Force Survey data). As such, the relative weight of self-employment in the field of culture is more than twice as high as in the rest of the economy.

Another characteristic of cultural employment is the **high share of part-time workers**, compared to the rest of the economy. In 2019, just three quarters (75%) of the cultural workforce in the EU-27 was employed on a full-time basis, while the share of full-time employment across the whole economy was 81%.

However, the EU Labour Force Survey does not consider in its statistics the great number of **'invisible' workers in the CCS**: temporary and intermittent workers, persons working under unpaid volunteer programme and persons holding a second job in the cultural or creative field while maintaining a first main non-cultural occupation. All these practices are very common in the CCS, resulting in an

⁷ 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, p. 24.

⁸ Eurostat, Cultural statistics – Cultural employment. Data extracted in May 2020 and available here: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Culture_statistics_-_cultural_employment.

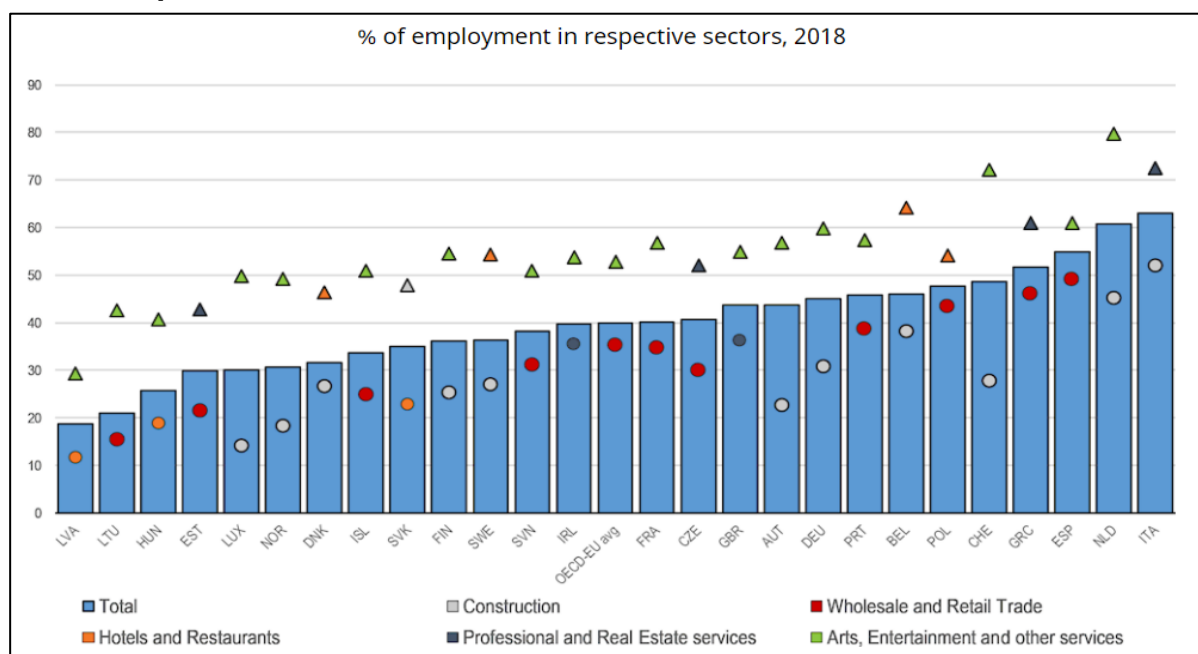
underestimation in official statistics of the real dimension of the cultural and creative workforce, and as a result also underestimating the real impact of the COVID-19 crisis on the CCS.

Compared to cultural and creative employees who can count on more stable working conditions and easier access to social security schemes, sick pay and benefit schemes, the large number of non-standard workers in the sector rely on very unstable earning flows and, in most cases, on no social security or sickness scheme. The **lack of social protection**, together with all the forms of flexploitation⁹ mentioned above, severely affect creative livelihoods and hinder the inclusivity and diversity of the sector.¹⁰ The result is that many experience gender, ethnic and socio-economic barriers in entering and remaining in the sector and that therefore cultural and creative workers do not effectively represent the society they are trying to engage with.

Furthermore, the percentage of especially **low-wage non-standard workers** is very high in the CCS, second only to the hospitality sector.

The high number of non/low-protected low-wage non-standard workers and micro-sized enterprises with uncertain income flows makes the whole CCS ecosystem very fragile. This fragility has also been demonstrated during the COVID-19 crisis. When taking into consideration all forms of non-standard work, the comparison with other sectors severely affected by the crisis reveals how the CCS is unique.

Figure 4: Non-standard workers in activities most affected by containment measures across European OECD countries



Source: OECD, based on 2018 data¹¹

⁹ The term 'flexploitation' refers to situations where people do not have a strong bargaining position to secure decent working conditions and flexibility is mainly built in the contracts to limit employment rights of workers.

¹⁰ Comunian, R., England, L., 'Creative and cultural work without filters: Covid-19 and exposed precarity in the creative economy', *Cultural Trends*, 2020, 29:2, 112-128.

¹¹ <http://www.oecd.org/coronavirus/policy-responses/distributional-risks-associated-with-non-standard-work-stylised-facts-and-policy-considerations-68fa7d61/>

1.2.3. Difficult access to finance

Ventures in CCS are usually inclined to experience higher barriers to access finance than ventures in other sectors.¹² **Own earnings and government subsidies play an important role** in the financing structure of many CCS organisations. Also, informal financing from the so-called 'Family, friends and fools' category is a crucial source, especially for micro-sized ventures. To a much lesser extent, equity finance plays a role, however only in some sub-sectors, due to the high levels of novelty and risk of the investment.

Furthermore, there is an **abundant use of short-term finance**. The majority of loan applications and financial requests in the CCS relate to bridge financing (mainly used to survive in the 'bridge' period waiting for other funds such as subsidies) and short-term pre-financing of projects, rather than focusing on long-term financing goals. The main reasons are, on one side, an easier procedure and application process and, on the other hand, the difficulty in fulfilling the requests usually linked to a long-term financing application, e.g., using assets as collateral, clear business records and longer-term business plans, etc.

A lack of tangible assets to offer as collateral together with high levels of uncertainty in market demand and risky investments seem to represent main reasons why CCS organisations are discouraged from applying for external finance.

As recent literature shows,¹³ one of the real first reasons why CCS organisations experience issues in accessing finance is the inherent **information and matching asymmetry** that exists between CCS organisations and financiers. CCS organisations often do not look for the right financing or do not know where and how to look for it. Financiers, in turn, are reluctant to provide finance to CCS ventures due to a lack of understanding of their business models, a (perceived) lack of adequate managerial skills and collaterals on the side of the CCS ventures and, in general, lack of knowledge of the cultural and creative sector itself. The CCS are in fact characterised by sector-specific and **highly varied business structures**, which are not always sufficiently recognised. For example, business structures vary from not-for-profit and public institutions (e.g. museums, libraries) to micro-sized enterprises and large for-profit players (e.g. Netflix, Spotify). Moreover, for a large share of cultural and creative entrepreneurs business growth or profit making is only instrumental to remaining in the creative business, and not an ambition in itself. Intrinsic motivation and personal satisfaction from the completion of their creative activities are as important drivers of their work.¹⁴

Although policy measures have been taken to lower the barriers to access finance in recent years (such as e.g., the introduction of the European CCS Guarantee Facility), we can conclude that there is still a **lack of a healthy financing ecosystem** where:¹⁵

- various and diverse financial and non-financial instruments are available to CCS organisations and freelancers;
- capacity building opportunities are available to CCS organisations, financiers and policy makers to lower the information barriers;

¹² E.g. IDEA Consult et al, *Survey on access to finance for cultural and creative sectors*, study for the European Commission – DG EAC, 2013, pp. 79-83.

¹³ Goethe-Institut et al., *CCS ecosystems Flipping the Odds*, conference conclusions in the context of the Creative FLIP project, 2020.

¹⁴ See e.g. University of Antwerp and IDEA Consult, *ONDERNEMEN in CULTUUR: Een beschrijvend, praktijkgericht onderzoek naar werken en ondernemen in en financieren van de Vlaamse cultuursector*, study for Cultuurloket, 2019

¹⁵ Please see note 13.

- information and matching tools and services are accessible to help CCS organisations to connect their financial needs with existing financial opportunities; and
- targeted policy actions facilitate access to finance for the CCS and the transition towards a healthy financial ecosystem.

1.2.4. Imbalanced translation of market value into fair remuneration

Pre-COVID-19, the CCS represent a key market for the EU in terms of size and employment, but also in terms of value added and turnover.¹⁶

In 2017, the **value added** at factor cost of cultural enterprises was EUR 145 billion, equivalent to 2.3 % of the non-financial business economy total. For comparison, the value added of the cultural sector within the EU-27 was slightly higher than the motor trades sector (EUR 139 billion) and the chemical products manufacturing (EUR 130 billion). Regarding market value, the CCS experienced **overall positive growth in the period between 2012 and 2017**. The value added of the cultural sector in the EU-27 increased, on average, by 1.3 % per year in this 5-year period. However, this growth rate is only one third of the average rate of change recorded for the whole non-financial business economy (3.7%). We also note that there are significant differences among sub-sectors.

Eurostat data further show that the CCS also have an **economic weight comparable to that of ICT** and the accommodation and food services sectors, yielding more than 4% of EU GDP. Furthermore, the surplus in the EU trade balance for cultural goods indicates an increased demand for EU cultural goods.

In addition, CCS business resilience seems to be in good shape. The average **five-year survival rate** for cultural enterprises born in 2012 is over 50%, which is comparable to that of the whole service sector (average 51.4%).

Recent data also show the cross-sectoral nature of creative industries and the high added value that they can bring to other sectors.¹⁷ The most important cross-sectoral linkages can be observed between creative industries and sectors related to health, transport and electrical machinery, publishing, electronics and energy. Furthermore, the report highlights that cross-sectoral collaboration between the CCS and other sectors is a growing trend.

However, the overall growth and cross-sectoral innovation trends are **not translated into fair remuneration systems** within the sector. The revenues that come from artistic or cultural creation are often not fairly distributed across the value chain.¹⁸

As mentioned in section 1.2.2, the CCS ecosystem is very fragmented and characterized by atypical, and often intermittent and precarious work patterns, including self-employment, part-time work, a combination of two or more jobs or temporary jobs are among the most usual forms of employment in the cultural sector. This results in intermittent and low wages (or unpaid work) that puts a strain on the overall economic (and human/social) sustainability of the sector. Although significant in numbers, these non-standard workers mostly have very **little bargaining power** compared to that of

¹⁶ Eurostat data compiled from structural business statistics (SBS) and business demography is the main source of information illustrated in this paragraph and is available here: https://ec.europa.eu/eurostat/statistics-explained/index.php/Culture_statistics_-_cultural_enterprises. Where data come from other sources, these are specified in footnotes.

¹⁷ European Observatory for Clusters and Industrial Change (2019), European Cluster and Industrial Transformation Trends Report.

¹⁸ IDEA Consult, VUB-SMIT and KEA, *Mapping the creative value chains: A study on the economy of culture in the digital age*, European Commission - DG EAC, 2017. <https://op.europa.eu/en/publication-detail/-/publication/4737f41d-45ac-11e7-aea8-01aa75ed71a1>

intermediary agencies and various (larger) actors involved in the production and distribution of the work in creative value chains. This situation is further sustained by the fact that creative value chains are often characterized by **complex and non-transparent remuneration models based on Intellectual Property (IP) usage**. Moreover, there is a widespread **lack of knowledge about adequate IP protection** on the side of most CCS actors involved in artistic and cultural creation and production.¹⁹ This results in cultural and creative workers accepting unfair remuneration practices.

The use of digital solutions for both creation and, above all, distribution of art works has put further pressure on the already fragile remuneration conditions for creatives. On the production side, work in the CCS is almost always subject to copyrights, trademarks, trade names and patents, but it is hard for artists and creators to dive into the complex types of revenues linked to that. Digitalisation and the online usage of cultural and creative content makes this even more complex due to a lack of adequate monitoring systems and a regulatory framework related to IP protection of digital content. As content pirating is seen by some as a threat to the sector, or as an opportunity for promotion by others, this increases pressure on revenues for artists and creators. Adequate capacity building and legal frameworks still need to be found to avoid that the increasing e-distribution corresponds to little or no remuneration for creators.

1.2.5. Digitalisation disrupting creative value chains

In recent years, the CCS have been widely impacted by the digital shift that Europe (and the whole world) is experiencing. Creative industries are facing a rapidly changing context where the high speed of development and deployment of digital ICT is challenging the sector at multiple levels.

Creative value chains are facing unprecedented changes. Digital technologies drastically change the way cultural and creative goods and services are produced, distributed and consumed, generating major effects both in terms of internal industrial innovation and access to new markets and audiences.²⁰ Creators can now produce content at lower costs, get access to new channels of distribution – reaching consumers also more directly – to create new revenue streams. In addition, distributors can disseminate content at much lower marginal costs compared to those associated with traditional physical products. However, parts of the content industries, particularly the recorded content industries, have been severely hit by piracy and losses in sales of physical distribution, which have damaged their development, shrunk their revenue basis and consequently limited their potential to generate jobs and growth.

Digital disruptions are not equally distributed among the CCS nor within the creative value chains themselves. The four most prominent copyright-led industries that are giving proof of fast digital innovation along the value chain are the audio-visual sectors (including film, tv and radio), music, book publishing and video games.²¹ Other CCS sub-sectors industrial structures are changing (e.g. with digital platforms entering the value chain) and actors are exploring the innovative potential of digitalisation, e.g. with new digital solutions for production, presentation, distribution or preservation, although at a (much) slower pace.²²

¹⁹ EPRS European Parliamentary Research Service, *Employment in the cultural and creative sectors*, 2019; Goethe-Institut et al., *CCS ecosystems - Flipping the Odds*, conference conclusions in the context of the Creative FLIP project, 2020.

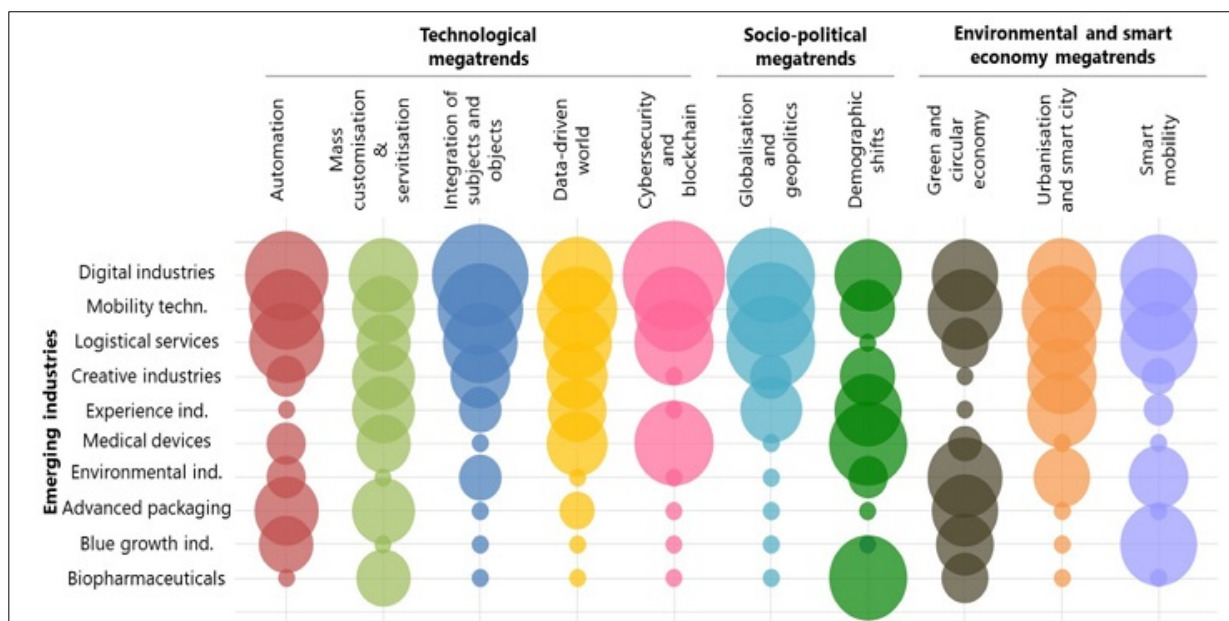
²⁰ Please see note 18.

²¹ Oliver & Ohlbaum Associates Ltd and Analysys Mason, *The impact of the internet and digitalization on the European creative sector*, 2017; KEA & PPMI, *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, 2019, pp. 35-43.

²² Please see note 18.

Despite lagging behind in digital innovation across large parts of the CCS, a comparative analysis of sectors does show that the creative industries are considered among the 10 most emerging industries impacted by global technological, socio-political and environmental trends.²³ Focussing on the technological ones, when asking which global megatrends are more likely to have the strongest impact on the future of industries, a recent analysis allows to identify the most pressing trends for the creative industries (see note 17).

Figure 5: Impact of global megatrends on ten emerging industries*



* : the larger the bubble, the larger the expected impact of the selected megatrends

Source: EOCIC (2019)

The impact of three technological megatrends seems to be higher on the creative industries compared to other mega phenomena, including:

- mass customisation and servitisation, which triggers changes in business organisation and the creation of new market segments;
- integration of subjects and objects that deals with ever-greater use of technological linkages (mainly through ICT) to manage a wide range of economic, social and technical functions; and
- data-driven world that is strongly leading to the development of artificial intelligence (AI) for concrete applications and the consolidation of a data environment.

All megatrends require digital innovation capacities to be able to face the impact of these trends.

The current **industrial organisation of the CCS can slow down the uptake of digital technologies**. As mentioned, the CCS is dominated by micro-sized and small enterprises that often do not have the capacity to take up and to take advantage of digital opportunities. The challenge of covering the costs of 'becoming digital' is cross-sectoral and brings with it several challenges, including the digitisation of

²³ European Observatory for Clusters and Industrial Change, 2019, op. cit.: "Emerging industries reflect the industrial renewal and changes in which European companies are competing globally. They are often characterised by having high growth rates and significant market potential. For this reason, they are important drivers of EU competitiveness and prosperity".

content, skills development and updating of (often small-size) staff qualifications, management of digital rights and, development and testing of new business models. It is not surprising that the businesses' ability to respond to these challenges strongly depends on the enterprise size and bargaining power. The risk is that large companies who can respond to these challenges more easily than SMEs, act as new gatekeepers in the value chain whose position is reinforced by the digital shift itself.²⁴

The digital trend does not coincide with the core artistic and cultural innovation capacity of SMEs that is central to the sector. Although struggling to keep up with large companies in the digital era, cultural and creative SMEs play a crucial role in creativity and innovation in the CCS and society at large. They are typically the risk takers and early adopters and play a decisive role when it comes to scouting new talents, developing new trends and designing new content.

1.3. COVID-19 containment: from the Great Lockdown to post-Great Lockdown measures

In January 2020, the COVID-19 virus reached Europe, with the first cases confirmed in Spain, France and Italy. From March 2020 onwards, the virus spread across Europe at an alarming rate, leading governments across the EU to take unprecedented measures to contain the spread of the virus.

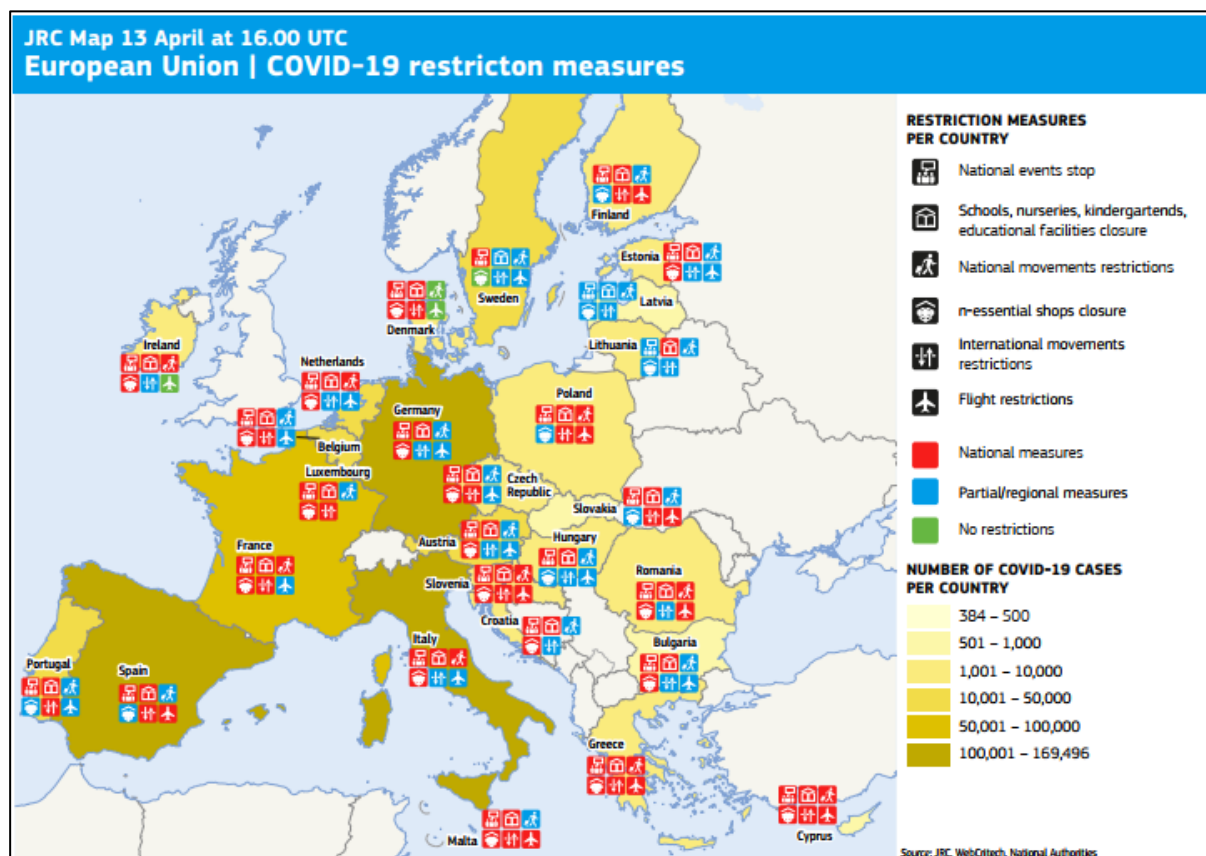
As of mid-March 2020, a large number of Great Lockdown measures were taken by governments – measures that affected not only the personal sphere, limiting individual's freedoms, but also working environments. Certain economic activities were forced to close at times, limit activities or identify new forms of working.

Data provided by Politico show that as of mid-March at least 14 Member States introduced strict containment measures.²⁵ Germany, the Netherlands, Slovenia, Austria and Ireland adopted partial lockdowns or full lockdowns, but with no restriction on travels and borders or no proclamation of state of emergency. The remaining eight MS (Sweden, Croatia, Denmark, Estonia, Hungary, Luxembourg, Malta, and Slovakia) did not immediately declare mandatory confinement.

As the situation changed, additional containment measures were taken by the different MS in the weeks that followed. A map developed by the Joint Research Centre of the European Commission shows the main restriction measures in the EU-27 in April 2020.

²⁴ European Commission, *Green Paper - Unlocking the potential of cultural and creative industries*, COM/2010/0183 final, 2010; IDEA Consult, VUB-SMIT and KEA (2017).

²⁵ Hirsch C., [Europe's coronavirus lockdown measures compared](#), Politico, March 2020.

Figure 6: COVID-19 restriction measures in the EU-27 (April 2020)

Source: JRC (2020)

Although the severity and the timing of the COVID-19 containment measures has differed across Europe, the main shocks that most countries experienced due to these Great Lockdown measures were:

- halting of non-essential business activities and schools - only essentials activities such as supermarkets, pharmacies and banks remained open;
- halting of non-essential production;
- temporary restrictions of non-essential travel from third countries into the EU (exceptions were foreseen for nationals of all EU Member States and Schengen Associated States);
- ban or restrictions on movements between EU MS;²⁶
- ban on public events and private gatherings;
- mandatory or recommended confinement; and
- curfew.

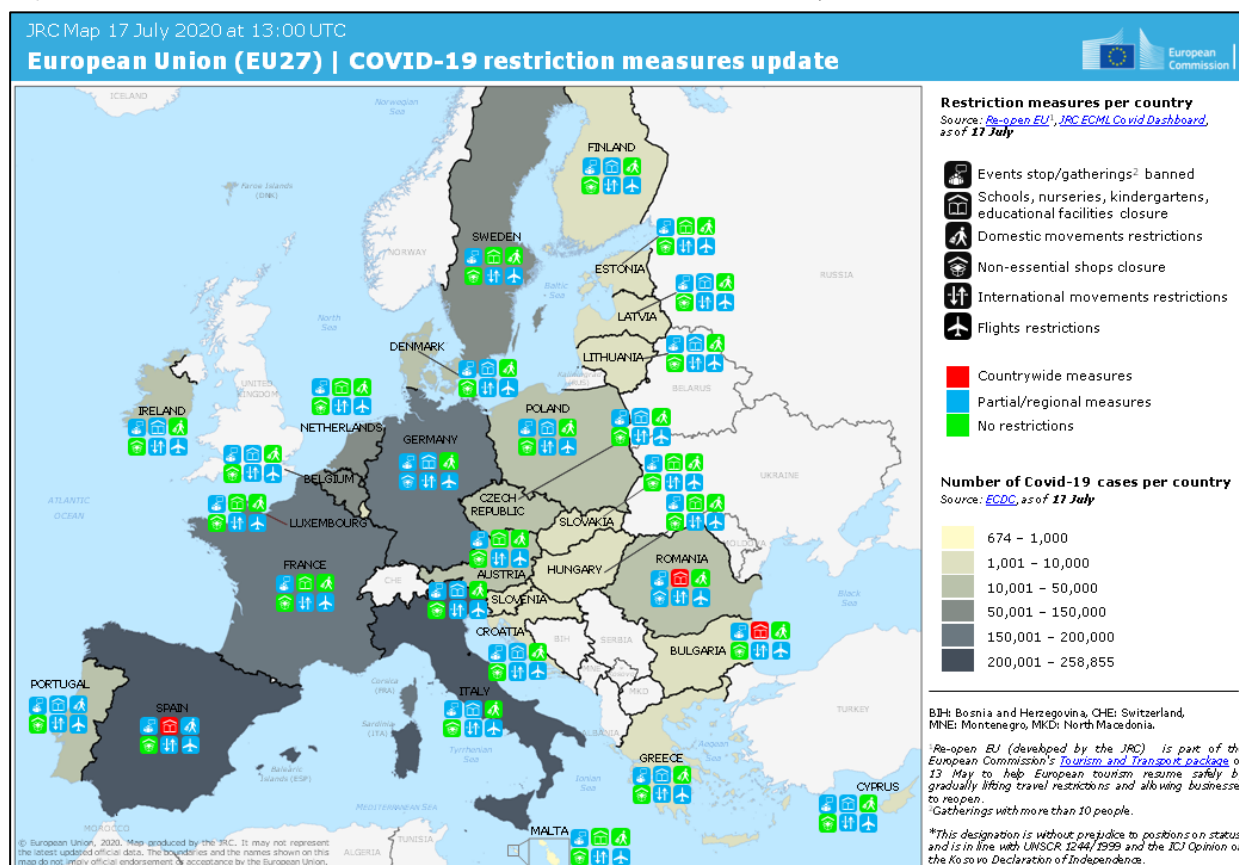
Most of these Great Lockdown measures and restrictions were kept for the whole month of April.

From May onwards, MS slowly started to ease the Great Lockdown measures or at least reduce the containment measures in scope and severity. Among other things, many shops could re-open again, as well as cafés and restaurants, although often at limited capacity to respect social distancing rules.

²⁶ https://ec.europa.eu/transport/coronavirus-response_en.

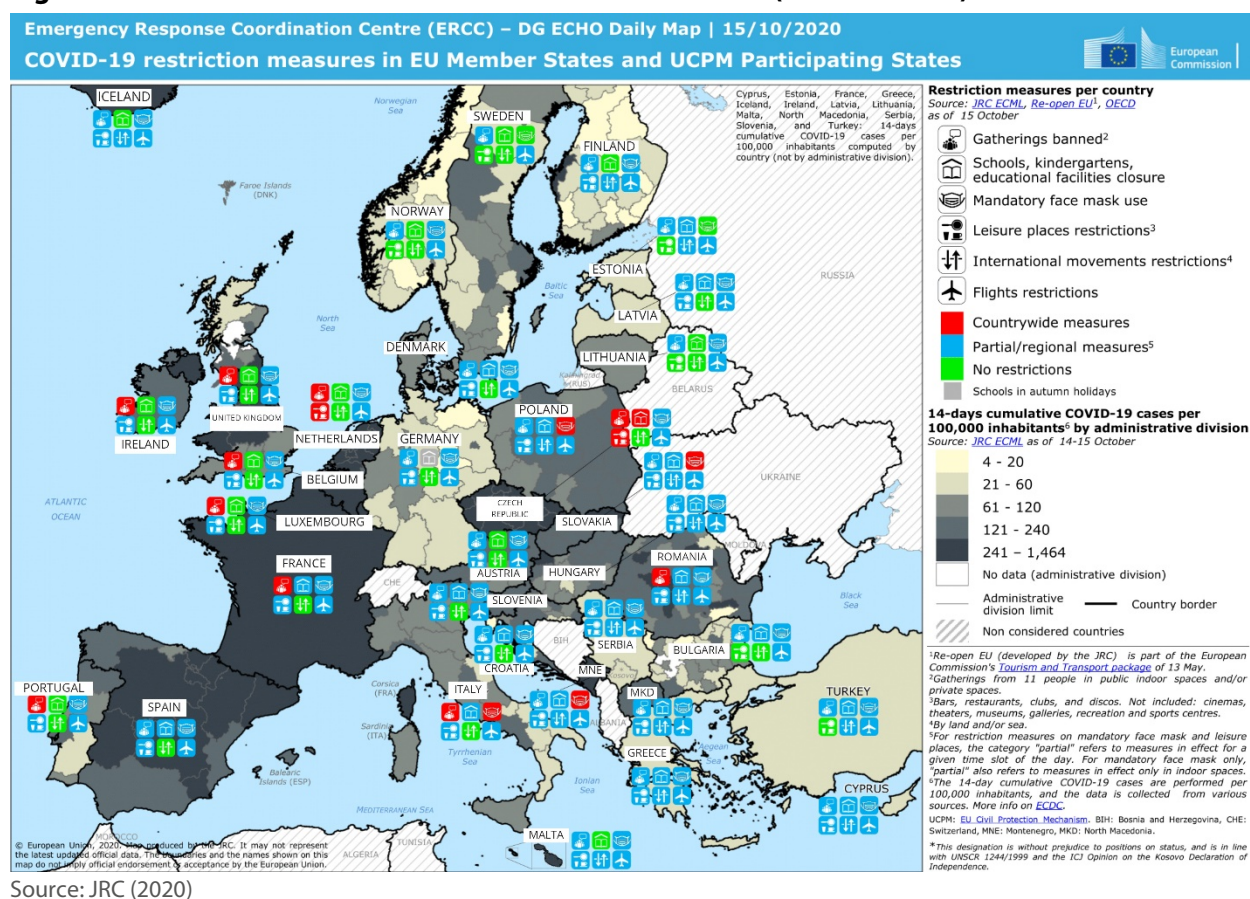
The figure below shows that in July 2020 most of the strict lockdown measures were relaxed almost everywhere across Europe and that every country adopted partial/regional measures rather than national measures (except Spain, Romania and Bulgaria). Nevertheless, without any exception all MS still adopted partial/regional restrictions for both the organisation of events and international movement (including flight restrictions).

Figure 7: COVID-19 restriction measures in the EU-27 (July 2020)



Source: JRC (2020)

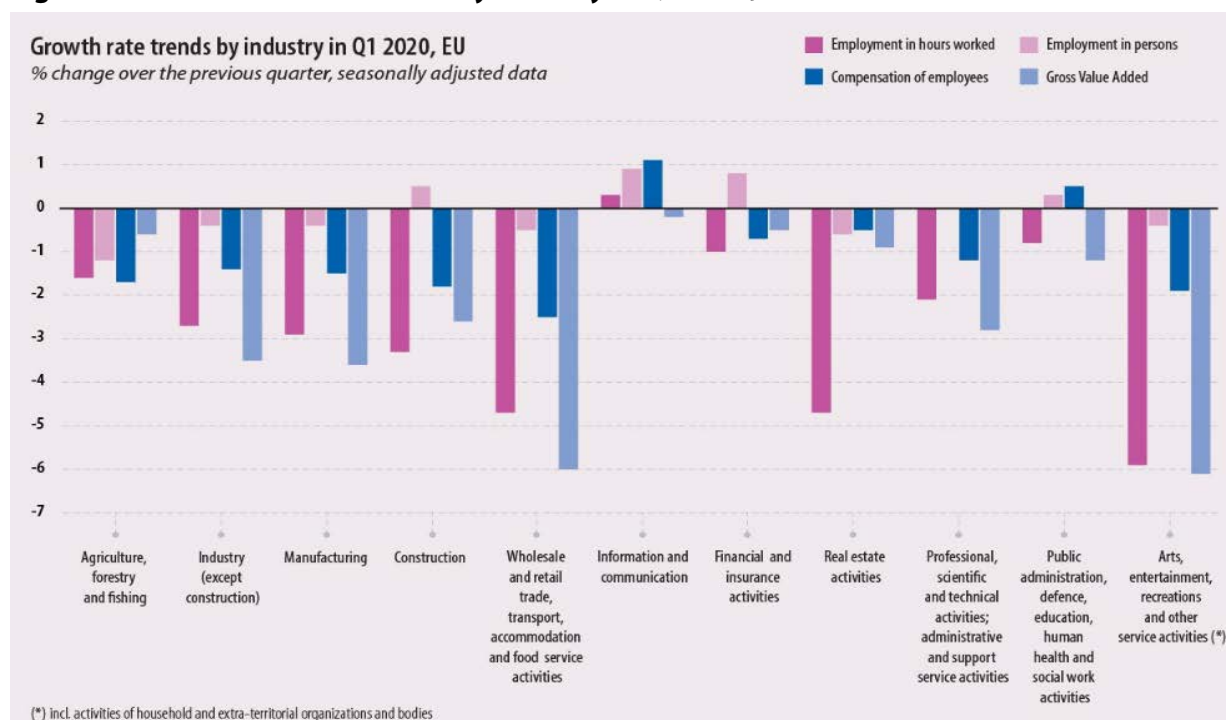
In autumn 2020 however, the spread of the COVID-19 virus once again accelerated throughout Europe, forcing most MS to tighten their containment measures, sometimes almost to the level of the Great Lockdown. It highlighted the need for continued restrictions on social interaction. As long as the population is not sufficiently vaccinated and the sanitary threats are over, a constant balancing between social, economic and public health interests will remain necessary.

Figure 8: COVID-19 restriction measures in the EU-27 (October 2020)

1.4. An economy-wide shock, although not equally distributed

The Great Lockdown measures had an immediate and severe impact on the European economy. Eurostat data show that – with the exception of ICT – all non-financial sectors in the EU-27 experienced an immediate contraction in economic activities in the first quarter of 2020.²⁷

²⁷ Eurostat, [National Accounts: COVID-19 impact on EU industries](#), August 2020.

Figure 9: Growth rate trends by industry in Q1 2020, EU

Source: Eurostat (2020)

The largest decline in the growth rate trend in the first quarter of 2020 was observed for ‘wholesale and retail trade, transport, accommodation and food services activities’ and ‘**arts, entertainment, recreations and other service activities**’.

The arts, entertainment and recreations sector was the sector that recorded **the largest decrease in both gross value added and hours worked (-6%)** in Q1 2020. Declines in compensation of employees (in current prices) and employment in persons were also observed in most industries, but to a lesser extent, reflecting the multiple government support schemes to compensate companies and their employees.

As the lockdown measures continued into the second quarter of 2020, the European economy further contracted at an unprecedented rate (sharpest contraction since Eurostat started the time series in 1995). Following a decrease of 3.3% in GDP in the EU in Q1 2020, in Q2 2020 seasonally adjusted GDP declined by a further 11.4% compared with the previous quarter.

Analysis of sector data for Q2 2020 shows that the arts, recreation and other service activities category was amongst the most hit sectors, experiencing a **further decrease in both gross value added and compensation of employees** (see Figure 10).²⁸ Arts and recreation was the second most impacted sector in Q2 in terms of percentage change compared to the previous period of employment based on persons (-4.5%, the second highest percentage change after ‘wholesale and retail trade’ with a -5.1%) and based on hours worked (-16.3%, still the second highest percentage change after ‘wholesale and retail trade’ recording a -18.6%).²⁹

²⁸ Eurostat database, Gross value added and income A*10 industry breakdowns, last update on 7/10/2020. Last accessed on 7/10/2020 and available here: <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>.

²⁹ Eurostat database, Employment A*10 industry breakdowns, last update on 6/10/2020. Last accessed on 7/10/2020 and available here: <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>.

Figure 10: Changes expressed in million EUR between Q1 and Q2 2020 in ‘arts, recreation and other service activities’



Source: Figure developed by the study authors based on Eurostat data (2020)

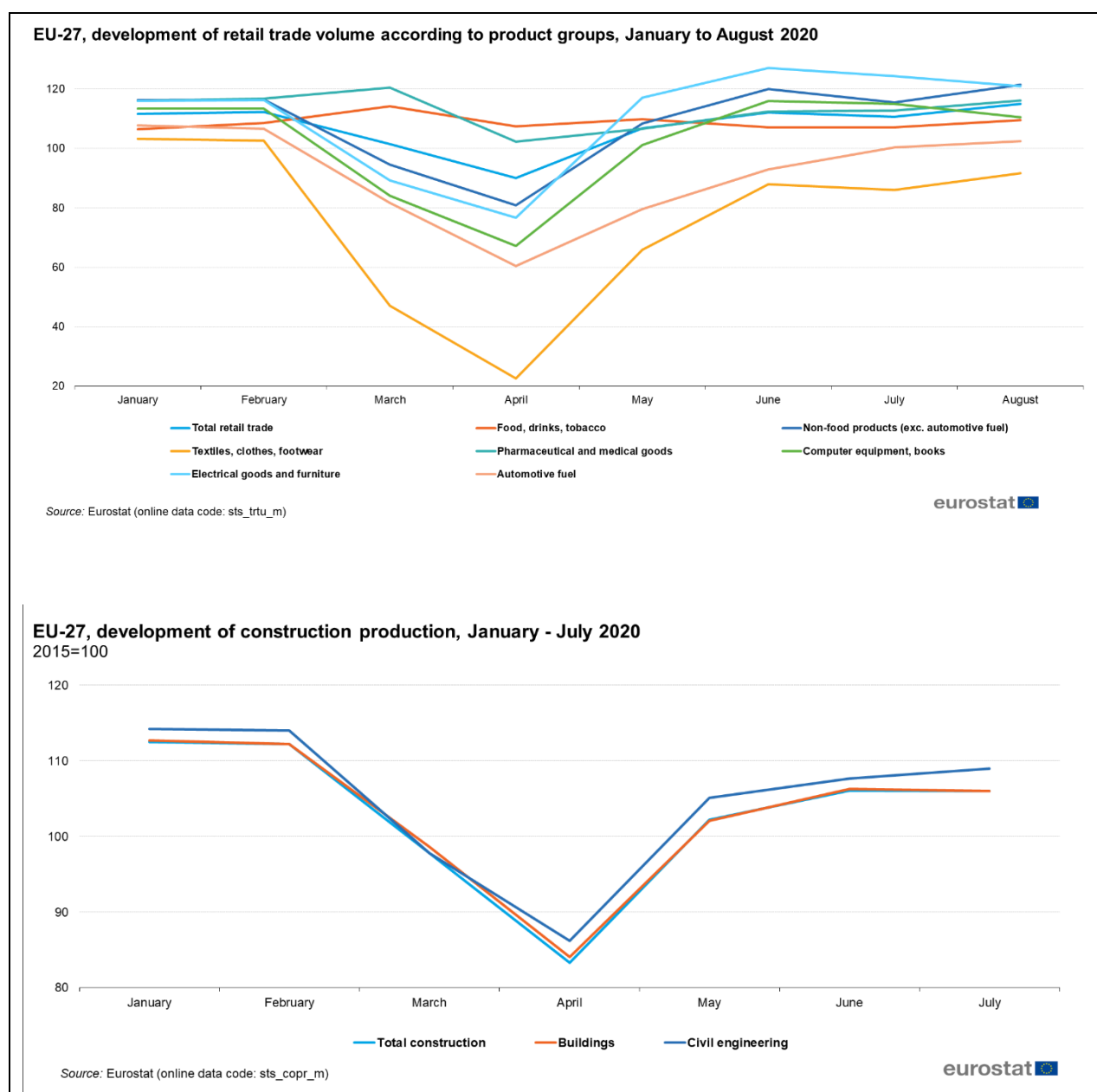
After the major overall contraction of the economy in Q2 2020, several sectors could start to slowly pick up again from May onwards. This coincided with the replacement of the Great Lockdown measures with less strict containment measures in many MS.

One such example is the **retail sector**, whose economic performance showed an immediate positive trend when retail activities could re-start from May 2020 onwards in many MS. Where retail trade volumes in the EU-27 declined by 19.7% between February and April 2020, they increased by 27.5% in the period April to August 2020.³⁰

A similar pattern of steep decline in the period February-April 2020 (-25.8%) followed by a strong increase in economic activities after April 2020 (+27.4% between April-June 2020) can also be witnessed in the European **construction production**.³¹

³⁰ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Impact_of_Covid-19_crisis_on_retail_trade#Covid-19_containment_measures_in_Europe, last update on 6/10/2020. Last accessed on 7/10/2020.

³¹ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Impact_of_Covid-19_crisis_on_construction. Last accessed on 7/10/2020.

Figure 11: Retail trade volume and construction production in the EU-27 picking up again after the Great Lockdown

Source: Eurostat (2020)

In general, although the majority of industries recorded major losses in March-May 2020, the whole industrial sector recovered its losses in the post-Great Lockdown period. In July 2020, production in the industry already reached 93% of the production level in February.³²

Only a very limited number of sub-industries recorded a positive growth rate in the Great Lockdown period, such as the **Pharmaceutical, Computer and electronic and Tobacco industries**.

At the other end of the spectrum, other sectors continued to record major losses in revenues, even in the post-Great Lockdown period, one such example being the **EU tourism sector**. As travel restrictions

³² Eurostat, Impact of Covid-19 crisis on the industrial production, available here: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Impact_of_Covid-19_crisis_on_industrial_production#Development_by_industry.

were kept in place and/or prospects about the future evolution of the virus and travel restrictions remained very uncertain throughout Q2 2020 (and beyond), the tourism sector continued to be negatively impacted. Estimated reductions in revenues and employment were alarming throughout the EU tourism ecosystem (travel agents and tour operators, accommodation suppliers, destination management organisations, passenger transport operators, etc.):³³

- 60% to 90% reduction in bookings compared to similar periods in previous years (in spring 2018, EU residents made almost 390 million tourist trips, representing 34% of the annual total. In summer 2018, over 270 million trips were made by EU residents, accounting for 24% of the annual total);
- significant estimated loss of revenue:
 - 85% for hotels and restaurants
 - 85% for tour operators
 - 85% for long distance rail
 - 90% for cruises and airlines; and
- estimated loss of 6 million jobs.

1.5. COVID-19 crisis effects on the CCS

Together with tourism, the CCS are among the sectors most affected by COVID-19, considering both the severity of the lockdown measures adopted and the pre-existing fragility of the sector. The COVID-19 containment measures have brought the structural use of non-traditional workers and the precarious working conditions of many cultural and creative workers, as well as the fragility of existing business models to the forefront.

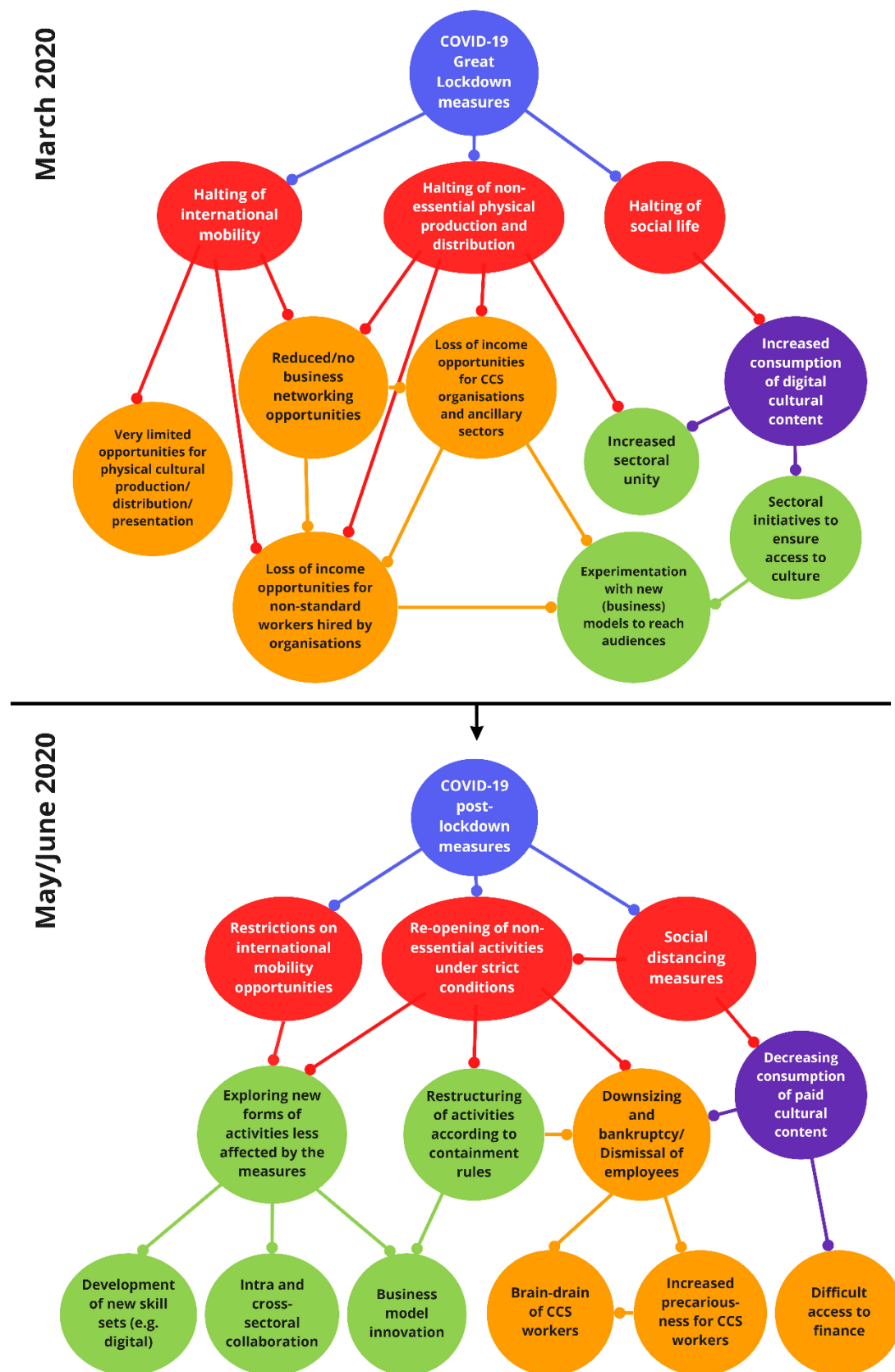
The main consequences of the COVID-19 containment measures that caused an unprecedented impact on the CCS from the moment of introduction are:

- the halting/restriction of non-essential physical production and distribution,
- halting/restriction of international mobility, and
- halting/restriction of social life.

The economic and social consequences of these measures have induced a chain reaction in the cultural and creative sectors, with an expected long-lasting impact. Figure 12 illustrates the main effects on the CCS both at sectoral and individual levels. In the figure, the red circles represent the three main direct consequences of the containment measures. The orange circles identify the main negative effects on the CCS, while the green ones identify (untapped) future opportunities for the sector. The purple circles refer to the societal level and illustrate the effects generated on the demand side (consumption and audience participation) that consequently led to additional effects on the CCS.

³³ <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200513-2>, <https://bit.ly/3hYtXN3> and <https://www.europeandataportal.eu/en/impact-studies/covid-19/impact-covid-19-international-tourism-industry>.

Figure 12: Chain of effects on the CCS in the Great Lockdown and post-Great Lockdown periods



Source: Figure developed by the study authors

The main consequences that the COVID-19 containment measures have generated for the CCS over the March-December period can be clustered under two main groups:

- **direct economic effects** on the CCS, and
- **wider social effects and changes in consumer behaviour** impacting the CCS.

The first group includes all the main effects that deal with economic indicators related to changes in income, revenues, employment, business opportunities and business models in the sector. The second relates to socio-cultural indicators, such as changes in cultural demand and consumption, skills, cooperation, well-being, diversity and professional status of cultural and creative workers (CCWs).

Bearing in mind the complex inter-connection between the effects illustrated in the above figure, the following sections will describe some of these effects in detail, clustered under the two main categories of economic and socio-cultural effects. Other effects, such as e.g., sectoral unity, intra and cross-sectoral collaboration, are analysed in Chapter 3 as they relate to interesting future perspectives.

Section 1.6 presents the main effects at the level of the 8 sub-sectors under investigation in this study in more detail, by providing sub-sectoral fiches that summarise information and data gathered through sectoral surveys, primarily launched during the Great Lockdown period.³⁴

1.5.1. Direct economic effects

Great Lockdown period

The most direct and visible effect that the halting of non-essential activities had on the CCS was the considerable **loss of income opportunities**. As illustrated in the sub-sectoral fiches in section 1.6, the strict lockdown measures have impacted the income flows of all of the cultural and creative sub-sectors throughout Europe.

Despite its wide-spread impact, the effect did not have the same emphasis on all sub-sectors. Especially the venue/visitor-based sub-sectors such as the performing arts and the broadly understood heritage sectors (e.g. live music, theatres, circus, festivals, cinema, museums and heritage sites) were most severely hit by the Great Lockdown measures. As their revenues heavily depend on ticket sales and participation of visitors/audience, the abrupt halting of their activities resulted in a major drop in market revenues. The European Festivals Association (EFA) for example revealed that income losses for individual festivals range from a thousand euros to up to EUR 3 billion, due to the great variety of the festival scene. The main reasons behind defaulted revenue were ticket revenue lost and non-arrival of subsidies, sponsorships and donations.³⁵ Another relevant example is offered by the live music sub-sector.³⁶ Live DMA estimated the impact on 2,600 European music venues and clubs in 16 EU countries in 2020 and figures are not reassuring. As a main consequence of the containment measures that forced them to close their doors and cancel events (around 284,000 music events and 664,000 artist performances canceled), the 2,600 Live DMA music venues and clubs will have an estimated loss of almost EUR 1.2 billion (as a mix of ticket sales, food and beverages sales and other income). Due to still existing fixed costs to be paid, many venues and clubs now have more expenses than income.

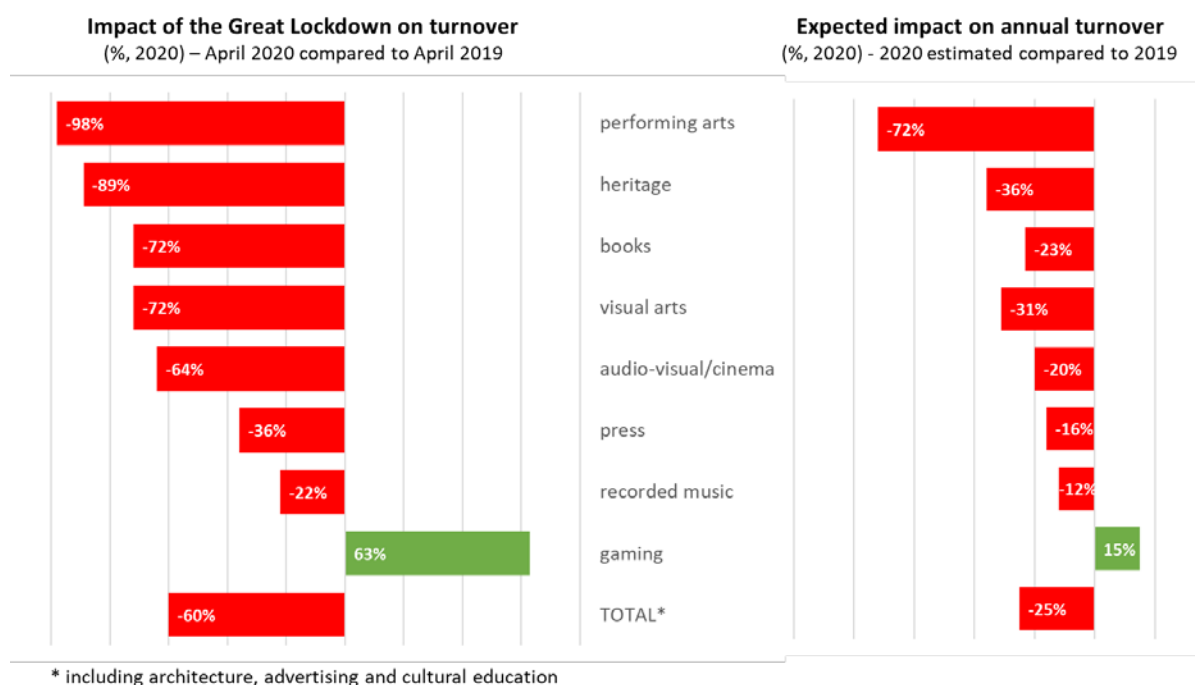
³⁴ For the surveys that were launched during the Great Lockdown period, results were mostly published in the summer/September 2020. Surveys that were launched afterwards, have not been closed yet and the results will only be published in Autumn-Winter 2020-2021.

³⁵ European Festivals Association (EFA), *Festivals' needs and commitments*, April-May 2020.

³⁶ Live DMA, *Key numbers – Impact of the COVID-19 pandemic on 2.600 Live DMA European music venues and clubs in 2020*, September 2020.

In the Netherlands alone the total reduction in turnover for the cultural sector amounts to more than EUR 400 million, which is roughly 35% less than compared to a year earlier.³⁷ In Albania, income losses of cultural institutions in March 2020 as compared to the same period a year ago are estimated to be about 90%. Furthermore, the outbreak of COVID-19 found Albania struggling to recover from infrastructural damages to cultural objects caused by the devastating earthquake of November 2019.³⁸ Figure 13 gives an overview of the impact of the Great Lockdown measures on turnover in different CCS sub-sectors in France, as well as an estimate of the impact for 2020³⁹. Note that these estimates were made in spring 2020 and did not take into account a second lockdown period in autumn 2020.

Figure 13: Impact of the crisis on CCS sub-sectors in France (May 2020)



Source: Based on Ministère de la Culture (May 2020)

³⁷ CBS, *Further explanation of the delivery of data table about income position and tax returns of self-employed persons in the cultural and creative sector on behalf of the Ministry of Education, Culture and Science*, November 2020.

³⁸ UNESCO and others, *Socio-Economic Impact Assessment of Covid-19 to Cultural and Creative Sectors in Albania*, July 2020.

³⁹ Ministère de la Culture, *L'impact de la crise du Covid-19 sur les secteurs culturels*, May 2020.

Financial damage was highly dependent on business models and government support. Among the heritage and the performing arts sub-sectors, loss of income has been perceived as less severe by those organisations that are publicly funded and thus could rely on their (in some cases partial) public financial support. This is case, for example, of music venues and clubs that have a non-profit legal status, for which public subsidies played an important role in covering fixed expenses. Other sub-sectors such as visual arts and book publishing also experienced severe effects related to distribution. Art galleries, auction houses, bookshops, publishing companies, all suffered further financial losses due to scheduled festivals, fairs and live events that were non-refundable after cancellation or postponement. In Ireland alone, the Arts Council already reported 12,000 cultural activities cancelled – including 3,700 performances and 195 exhibitions, totalling 112,000 tickets already sold for activities that did not take place. Over EUR 3.85 million were invested in activities that were cancelled/postponed, which resulted in an estimated income loss of EUR 6.4 million from these cancelled activities.⁴⁰

The effects on the (physical) distribution/presentation side of most of the sectoral value chains inevitably resulted also in a considerable loss of income for creators and producers, who were not able to sell their products or find buyers. In Ireland, for example, cancelled performances affected 50% of all artists (1,853 surveyed by the Arts Council) and over 90% of artists report that restrictions have impacted their role in the development or creation of new work, and that the impossibility to physically access the workspaces and the inability to meet with partners and collaborators were the main barriers.⁴¹

In some sub-sectors activities could continue more or less normally, despite the lockdown measures. Especially those value chains whose creative outputs and services are digital or whose production and distribution processes can be easily digitised, were less affected by the lockdown measures. Radio and television (TV) broadcasting and gaming sub-sectors are among them. Radio and television broadcasters experienced a sharp increase in numbers of audiences and, unlike many other sub-sectors for which the halting of production has been completely crippling, the TV sector, despite not being able to produce (e.g. live shows, new movie productions), could broadcast old content. The European gaming sub-sector was still able to produce and easily distribute content, and saw also a significant rise in revenues due to a massive increase in game downloads as of March 2020. Micro-businesses in software development or product design did see the demand for their services shrinking, as their clients put already scheduled projects on hold or cut marketing budgets due to liquidity problems, thus shrinking demand due to economic uncertainty.

Artists and creatives in other sub-sectors were partly able to create and produce (e.g. performing arts, book publishing, visual arts and crafts), but with a major difference compared to the radio and television sector or gaming and animation sector. In most cases, the latter could only create new content with very limited prospects for sustainable distribution or presentation of this content in the near future, due to cancellations of fairs, festivals and other business networking opportunities. Experimentations with new forms of distribution (e.g. e-distribution) or presentation (online or small-scale and local) did not compensate for the drastic decrease in revenues, due to other (less favourable) remuneration mechanisms for e-distribution, or because of no remuneration at all (offering content for free).

The sudden halting of activities in the CCS put the financial sustainability of numerous **organisations that provide ancillary services** and that have professional relations with the CCS at risk. In the

⁴⁰ Arts Council Ireland, *Findings in response to survey of Arts Council funded organisations on impact of COVID-19*, 2020.

⁴¹ Arts Council Ireland, *Findings from Artists' Survey 3–13 April 2020*.

fragmented creative ecosystems, these organisations are mainly represented by sound & lighting specialists, stage builders and caterers, make-up artists, exhibition builders, etc. As illustrated in the sub-sectoral fiches, CCS suppliers lost many income opportunities. Food and technical support suppliers for festivals, fairs, events and exhibitions were among the hardest hit. Examples from the catering category witness a big cash burn.⁴² At the same time, cancellations of festivals and fairs had a strong **impact on local economies**, especially on the local hospitality sector. Cancellation and postponement of festivals was, for example, a relevant cause of the considerable loss of income at local level. Festivals normally generate additional spending, hence in their absence the importance of the economic impact they generate in the life of many communities was underlined.⁴³

The halting of physical distribution also had a major impact on the **business networking opportunities** for CCS actors that drastically decreased as a consequence of the cancellation of events, fairs and festivals. For many CCS workers, such as artists and freelancers, the cultivation of their professional networks during these events is crucial to attract new work and to secure future income. Networking opportunities, such as those available at festivals, fairs, conferences, talks and events in general, ensure the future viability of their business. Since most of these events were cancelled or postponed, the number of physical opportunities to network and start new professional relationships drastically decreased, with important negative effects on future income.

The **loss of business opportunities and therefore of income for artists, freelancers and, in general, non-standard workers**, has been a direct sub-effect of the loss of income of those that provide them work and of the loss of business networking opportunities. Not only do their unsteady income flows heavily rely on larger production and distribution companies and on events, fairs and other networking events, but their working conditions were already precarious before the COVID-19 crisis.

As illustrated in section 1.2.2, the use of non-standard contracts and forms of employment is a main characteristic of cultural and creative employment, which is much more widespread than in other sectors. To a large extent, professionals in these sectors are organised as fixed-term workers such as freelancers, temporary and intermittent workers, including self-employed owners of micro-companies, often even on a part-time basis.

In Germany, over 6,600 cultural and creative self-employed persons surveyed during the Great Lockdown period experienced a drop in sales of over 30% and one in five expected sales losses of over 50% on annual sales. The longer the restrictions associated with the general regulations exist, the more pessimistic the assessment of the economic situation becomes.⁴⁴

In the Netherlands, in the first quarter of 2020, 52.5% of the self-employed persons in the cultural and creative sector saw a decrease in turnover higher than the national average of 44.8%. The average amount of lost sales was EUR 5.6 thousand in the first quarter, while it increased by up to 8.7 thousand for 65% of the self-employed in the second quarter of the year.⁴⁵

The impact of this effect seemed to be more significant for those who fully depend on activities that have been mandatorily closed, cancelled or postponed such as live events. On the contrary, the impact was less strong for those who combine their creative job with a part-time salaried job, or a main salaried job (often in a non-creative sector, combined with a second creative job).

⁴² Reid, S., *Report on Contract and Other Catering Activity - Covid-19 and Beyond*, 2020. By cash burn we mean 'the speed at which a company spends the money that is available to it, when it is not making more money than it spends' (source: Cambridge Dictionary).

⁴³ Please see note 35.

⁴⁴ PCI Promoting Creative Industries, *CORONA-PANDEMIE: SIE TRIFFT DIE KULTUR- UND KREATIVWIRTSCHAFT IN DREI WELLEN*, 2020.

⁴⁵ Please see note 37.

The loss of income on the side of non-standard workers has been exacerbated by the weak or absent social security schemes available at national level for these categories. In fact, social protection in many countries is uneven not only for artists, but for all categories of freelancers and non-standard workers. The situation has been worsened by the impossibility or only partial possibility for this category to access national support measures due to their legal status.⁴⁶

A survey launched by State of The Arts SOTA in Flanders reveals that the most vulnerable group is represented by those artists working with short contracts, without any professional status to rely on. In addition to the huge revenue loss, they were not able to rely on any of the state support measures either.⁴⁷ By contrast, fully self-employed cultural workers could recuperate 52% to 58% of the average income loss thanks to public support measures.

Another example comes from Malta where artists operating within the freelance gig economy reported that more than half of the usual income generating activities were cancelled and that the three main concerns for the future are income generation, future work and receiving payments.⁴⁸

Some positive actions to compensate the severe loss of income for freelancers and non-standard workers come from within the sector itself. For example, authors' societies/collective management organisations (CMOs) adopted a solidarity model in order to limit as much as possible the damage for individual creators. Millions of euros were made available and distributed to creators through grants, funding and emergency social assistance schemes or by advancing royalty payments.⁴⁹

A sub-effect of the abrupt halting of all (non-essential) economic and social activities (and of the increasing appreciation of culture at societal level) was the **pressure to reach audiences in alternative manners**, which has led many organisations and freelance workers to promptly react in this sense.

In Italy, for example, booksellers that managed to maintain customer loyalty and build an online presence and a delivery strategy, contained losses during the lockdown at 71% of turnover on average, against the 85% lost by the sector overall.⁵⁰

The impossibility to distribute and disseminate content physically through traditional channels (cinemas, theatres, museums, etc.) has sped up the adoption of digital solutions, not only to ensure continued access to culture, but also to generate alternative revenues that could partly compensate the large loss of income. New titles of books were released digitally for the first time, galleries, museums and heritage places opened their doors with virtual visits, libraries and bookstores discovered new forms of e-subscription programmes, theatres and concert halls organised live-streamed performances, among others. Individual artists adopted new forms of audience reaching, sharing their creations and performances with audiences through digital platforms or social media, or by experimenting with non-traditional physical distribution formats (mostly very small-sized and mainly local). Artistic and cultural creators throughout Europe have shown an enormous amount of creativity to ensure access to culture for all, even in times of the Great Lockdown measures. However, this was mostly without any remuneration attached to it, by far not compensating for the losses of income.

⁴⁶ Please see chapter 2 on analysis of measures for further details and examples.

⁴⁷ Flanders Arts Institute, *Hotline SOTA "Corona Impact", the results*, 2020.

⁴⁸ Culture Venture, *The impact of Covid-19 on artists in Malta*, 2020.

⁴⁹ GESAC, [Covid-19 recovery: what's the damage and how can we move forward?](#), May 2020.

⁵⁰ Federation of European publishers, *Consequences of the covid-19 crisis on the book market*, 2020.

Thousands of cultural and creative organisations and professionals have engaged, and good examples come from both small organisations and large cultural institutions. During the full lockdown period, the French cultural center 'Le Confort Moderne' launched a free online project in response to COVID-19 consisting of a series of videos where sport and artistic expression are merged.⁵¹ In Serbia, the National Theatre in Belgrade started streaming its repertoire online (theatre, opera and ballet performances) for free, under the slogan 'Stay at home. Protect yourself and others!'.⁵²

From a business perspective, these solutions bring opportunities for new revenue streams (mainly based on the exploitation of digital and new technologies and/or new forms of partnerships) and consequently for future business model innovation. The provision of cultural content free of charge is not sustainable over time, especially for fragile categories of cultural and creative workers (CCWs) whose remuneration and socio-economic working condition were acute even before the pandemic. Access to culture through illegal (free) sources was another (already existing, but) increasing practice during the COVID-19 crisis that could hinder the sustainability of many sub-sectors (e.g., video games, music and e-book download were the most affected by piracy).⁵³

In Ireland, for instance, almost half of the artists report being asked to create, provide or share content for online consumption. However, 57% of those report that they have not been offered any payment in this regard. A further 18% reported payment offered only in some cases.⁵⁴

The market potential of many digital opportunities born in COVID-19 times would also raise the question of the shift towards commercially driven economic models that, before COVID-19, heavily relied on public funding (e.g. performing arts and cultural heritage).⁵⁵

Next to discussions about the sustainability of digital business models for culture, the increased use of digital tools raised other concerns as well about the readiness of the sector to digitise. While for some the shift to digital formats and solutions was easy due to the availability of in-house expertise, for many other organisations the uptake of digital solutions has not been an easy pathway to follow, not in the Great Lockdown period, nor in the following period, due to a lack of expertise and budget to invest in staff with digital skills. The pressure for a **digital up-skilling** of the CCWs has therefore become an urgent topic to tackle, to avoid professional marginalisation and polarisation. Another reason for the partial adoption of digital solutions, especially in sub-sectors such as the performing arts is the inability of digital solutions to fully replace the direct human contact and interaction between the performers and their audience.⁵⁶ For all the arts vivants, the live (physical) component will never be entirely replaced by digital tools or livestreaming. For this reason, together with the lack of digital skills among staff members, adequate reflection when thinking of future perspectives and actions to take is needed.⁵⁷

Post-Great Lockdown period

In the post-Great Lockdown period, starting in many countries between May and June 2020, more relaxed measures have been adopted and non-essential activities could reopen their doors and restart production. The new social distancing measures, along with the aftermath of the Great Lockdown

⁵¹ <https://teh.net/teh-members-covid-19-bulletin/>.

⁵² UNESCO and others, [Socio-Economic Impact Assessment of Covid-19 to Cultural and Creative Sectors in Serbia](#), July 2020.

⁵³ Creative Industries Policy and Evidence Centre by Nesta, *Digital culture: consumption in lockdown*, 2020 and Federation of European Publishers, *Consequences of the Covid-19 crisis on the book market*, 2020.

⁵⁴ Arts Council Ireland 2020, *op cit*.

⁵⁵ IETM, *Live arts in the virtualising world*, 2020.

⁵⁶ Please see note 55.

⁵⁷ Chapters 3 and 4 will deepen the topic.

effects and continued uncertainty, still generated dire consequences on many CCS sectors. Despite being able to reopen and be restructured according to the new social distancing measures, especially visitor-based activities (e.g. performing arts, live music, cultural heritage) continued to be greatly affected by any new or continued containment measures that forced them to either drastically reduce the number of potential participants and visitors, or even to temporarily close doors again.

Many countries started to estimate the overall turnover loss for the CCS based on the impact of the Great Lockdown and on future possible scenarios. Germany alone estimated a turnover loss of approximately EUR 21.7 billion (medium scenario) to EUR 39.8 billion (severe scenario) for the CCS, representing 12.7% and 23% of the usual annual turnover.⁵⁸ It is also expected that more than 70% of the turnover losses will be attributable to the cultural industries, rather than to the creative ones.⁵⁹

Despite the high uncertainty, **many organisations reopened and restructured their activities as soon as they were allowed and in line with the new containment measures**, to be able to welcome their audience again in physical places. It has been recently written that *'a writer can write alone; a painter can paint in isolation – but a dancer dancing alone really is the sound of one hand clapping'*.⁶⁰ Despite digital opportunities, for many artists and creative professionals the 'physical' aspect remains crucial for production and the cultural experience.

Organisations that reopened their doors immediately had to deal not only with the severe losses of the previous months, but also with three other factors:

- **the new 'corona costs'**: to be able to reopen, the first immediate challenge that many visitor/client-based organisations had to face was related to the COVID-safety measures.⁶¹ In order to comply with these measures, they had to **incur new costs** to make venues and shops, but also production processes corona-proof, thus affecting their already fragile financial reserves. An example comes from the performing arts sector, whose venue-based nature forced them to adapt to the new measures as soon as possible to be able to reopen. For bigger venues, separating audiences has been easier as multiple entrances and exits are usually available. The Cologne's Lanxess Arena, reopened with reduced capacity (from 20,000 to 2,400) thanks to distancing and hygiene rules and using plexiglass cubes to separate the audience into small groups of up to eight people.⁶² However, smaller venues struggled with the implementation of COVID-19 rules in their protocols due to a lack of resources (e.g. costs of electronic contact trackers) and to an insufficient cost-benefit ratio (smaller venues that could reopen only with half or one third of the venue capacity). Other examples are offered by festivals: Estonia's Tallin Music Week is one of Europe's only major festivals to be able to stage a city-wide festival, even if with many challenges;⁶³
- **the new demand flows**: at the same time, the new social distancing measures resulted in the **shrinking of physical consumption of culture** and thus limited demand for the products and services of those that wanted to reopen. The growing consumption of culture through digital media in the Great Lockdown period was in fact inversely proportional to the physical one in the post-Great Lockdown period (and probably still today and in the months / years to come).

⁵⁸ Kompetenzzentrum kultur- und kreativwirtschaft, *COVID-19 Impact on the Cultural and Creative Industries in Germany*, 2020.

⁵⁹ As creative industries, it is intended here the advertising market and the game industry.

⁶⁰ Financial Times, *Life after the lockdown – the future of performing arts*, May 2020.

⁶¹ Eikhof, D. R., 'COVID-19, inclusion and workforce diversity in the cultural economy: what now, what next?', *Cultural Trends*, 2020, 29:3, 234-250.

⁶² NCCEH, *COVID-19 Risks and precautions for the performing arts*, September 2020.

⁶³ <https://accessaa.co.uk/how-estonias-tallinn-music-week-staged-a-city-wide-festival-during-a-pandemic/>.

The non-return to normal due to continued social distancing measures and the coronavirus spreading all over Europe again, led to many people not feeling comfortable in consuming culture physically, e.g., attending an indoor concert, theatre or dance performance, visiting a museum or going to the cinema. Caution is still primarily driven by perception of crowds and by the ability to respect distancing measures within the cultural venue;⁶⁴ and

- **continued uncertainty:** finally, the COVID-19 health situation remained (and still remains) very fragile throughout Europe and constant monitoring of levels of contamination led to **regular revisions of containment measures** and thus new conditions to organise business activities. This high uncertainty and regular re-organisation of activities put extra pressure on CCWs.

From a business perspective, this raises issues related to the future viability of live performance venues and to potential business innovations that could help overcome the audience's reluctance and fears (e.g. increasing online booking, adopting online tools to monitor number of visitors). Although only time will tell whether the business model changes will be lasting, some studies already point out that business model changes in the post-Great Lockdown period could also have downsides.⁶⁵ To stay competitive in a harsher ecosystem where funding could be drastically reduced due to public budget cuts, it is likely that they will try to reduce sunk costs, including staff cost. Contracts could become even more flexible and temporary, day or hourly wages could be cut, use of unpaid internships could be increased and professionals could be asked to hold multiple functions simultaneously to cut general staff costs.

As further detailed in the sub-sectoral fiches, many organisations already had to **lay off staff or temporarily dismiss some employees**.⁶⁶ Moreover, many organisations (especially SMEs carrying out distribution activities in the performing arts, visual arts and book publishing sub-sectors), started to encounter insolvencies and even faced **bankruptcy** due to the enduring COVID-19 crisis situation. This was mainly caused by a halting of demand and investments.⁶⁷ The full impact of the drop in investment for most of the cultural and creative companies and professionals can be assessed only in the months to come and the number of organisations in bankruptcy could increase.

As further pointed out by the OECD, beyond the immediate impact on revenues, the combination of the above-mentioned factors could also result not only in **increased precariousness** of CCWs, but also in professional **brain drain**. Professionals that cannot make a living anymore with their cultural/creative job are more likely to leave the sector and look for non-cultural jobs, with potential long-lasting effects on the composition of the whole European CCS. Due to the persistent cancellation/postponement of events, this phenomenon could affect in particular creative professionals that have IP-based revenue models and that could be forced to leave the sector due to the potential impossibility to receive any copyright revenues in the years to come.

Luckily, the recovery of the sector has not been marked only by increased precariousness and fragility. During the lockdown period, new **cross-sectoral collaborations** have shed light on the (already existing) linkages between the CCS and other sectors, such as health, education and urban design. Different modes of arts and entertainment were utilised to communicate health information, promote

⁶⁴ Decision house, *Alva Attractions Recovery Tracker*, 2020.

⁶⁵ Eikhof D. R. 2020, op. cit.

⁶⁶ One of the most exemplary international cases is the Cirque du Soleil, who filed for bankruptcy and cut almost 3500 jobs (<https://bit.ly/3iXyAre>). Another example comes from the UK: Oxford Economics foresees that a fifth of employed and self-employed cultural workers in the UK economy are projected to lose their job over the course of 2020. Please see Oxford Economics (2020), THE PROJECTED ECONOMIC IMPACT OF COVID-19 ON THE UK CREATIVE INDUSTRIES.

⁶⁷ OECD, *Culture shocks – COVID-19 and the cultural and creative sectors*, 2020.

behaviour change, and advocate for public health recommendations. For example, artists were engaged to produce media and music for specific audiences to promote health matters such as hand washing and masks wearing. At the same time, building on the impact of COVID-19 on both the CCS and the education sector, common developments and technological solutions for simultaneous distance learning and digital access to cultural resources provide interesting opportunities. Moreover, with a long-term perspective, the contribution of culture can also be important in rebuilding public trust to contributing to post-pandemic urban design adapted to social distancing rules.⁶⁸ A specific section included in Chapter 3 will deepen the topic of the contribution of the CCS to social innovation in crisis times and beyond and will present concrete examples.

1.5.2. Wider social effects and changes in consumer behaviour impacting CCS

The containment measures and, in general, the overall global crisis, have generated wider social effects and changes on the demand side for CCS activities and products, that further affected the CCS. The increased precariousness of CCWs (especially those who had a vulnerable working condition) raised many issues at a social level. Although data are currently still largely missing to have a clear picture of this phenomenon, it has been reasonably pointed out that the inability to generate income and the consequent precarious working condition might affect especially those that are already disadvantaged in their career development, such as women, disabled persons and other CCS workers living in disadvantaged contexts.⁶⁹

Despite the inability to assess the actual extent of the impact, the **exacerbation of inequalities within the CCS** is a likely risk on the long run and will affect all of society. It could not only negatively contribute to **increased social fractures and marginalisation**, but also to a **growing elitism of culture**.⁷⁰ Cultural and creative professionals living in wealthy economic conditions may still be able or inclined to afford free streaming of their works, a lower remuneration or, in general, to still work in the cultural and creative sector even without subsidies and external funding. Many grassroots cultural community centres across Europe risk to permanently close their doors. For example, London predicts that 90% of grassroots venues in the city are facing permanent closure because of social distancing measures.⁷¹ Grassroots cultural centres both in rural and urban areas are an extremely important source of independent experimentation and cultural diversity and their permanent closure would have severe consequences on the social fabric.

As anticipated before, the halting of social life and the following restrictions on it, led also to **new cultural consumer habits**. In addition to the economic effects discussed in the previous paragraph, the changing habits questioned relationships with audiences and the type of content shared with them, but also the intrinsic value of culture for the individual and collective well-being. As pointed out in some reports,⁷² two main reasons lie behind the **increased (digital) demand for culture during the Great Lockdown period**. Increased time spent at home was the first reason why the demand for culture grew. People working from home were consistently more likely to engage with cultural (digital) content than those people that were not able to work from home (e.g. care staff and workers in food

⁶⁸ OECD (2020), op. cit.

⁶⁹ Comunian R., England L. 2020, op. cit.

⁷⁰ The word elitism is used here with its Latin root is mind: the Latin word *ēligere*, which means "to choose". Both on the supply and demand sides, there is a risk that only people with a certain socio-economic position will be able to continue working within the sector (supply) and to access digital cultural and creative content (demand). Future empirical evidence will be needed to prove (or not) this potential trend.

⁷¹ Please see note 67.

⁷² Creative Industries Policy and Evidence Centre by Nesta 2020, op. cit.

retail sector) or those who had stopped working (e.g. furloughed). However, the increased demand for culture did not necessarily correspond to an increased willingness to pay for cultural content. The Bulgarian artist Konstantin Kuchev, for example, revealed that his virtual concerts were attended by more than 100 people during the lockdown period, but that only two or three made a donation. The Bulgarian Malle-Malle Puppet theatre has produced 15 cultural products in video format with more than 1,500 views, but with a similar very low donation activity.⁷³ An Italian survey launched in April reveals people's willingness to pay to watch cultural events on a dedicated online platform: 40% would pay for a pop music concert, around 30% for musical, theatre, classical music concerts and opera and only 24% for dance shows.⁷⁴ Secondly, culture also proved to be a crucial driver for individual **well-being and social cohesion**. There is in fact a direct relationship between culture and social and psychological well-being, due to the many opportunities that arts open up in terms of social engagement, enjoyment, informal learning, self-esteem, participation, self-expression and meaning making.⁷⁵ Engaging in cultural activities can even help synchronise heart rates and breath. Moreover, research carried out during the Great Lockdown period demonstrates that people having a creative hobby were among those with increasing mental health.⁷⁶

Despite the well-documented positive effects on personal and collective well-being of consuming culture and arts (both physically and digitally),⁷⁷ the increased sharing of digital cultural content since the lockdown does pose questions related to **inclusivity**, as digital content does not always target different audiences and is not always accessible to all. There is the risk to cut off people living in rural areas, people with less opportunities, the non-digital natives and all other categories that have difficulty in accessing digital content. The risk of growing elitism is therefore reflected also in the demand side. The possible trend of monetisation of digital cultural content, could lead to increased inequalities among audiences. Only wealthier people might be able to access digital cultural and creative content if this is not (partly) subsidised. The above-mentioned factors could be the reason of an increasing elitism on the demand side, that could therefore lead to an **increased social polarisation** on the long run.

⁷³ Intercultura Consult, *Reconnect: the cultural sector in a state of emergency*, April 2020.

⁷⁴ <https://www.statista.com/statistics/1114548/italians-willing-to-pay-to-watch-cultural-events-online-due-to-coronavirus/>.

⁷⁵ World Bank Group, *Culture in the Covid-19 recovery: Good for your wallet, good for resilience, and good for you*, 2020.

⁷⁶ Arts professionals, *Taking up the evaluation challenge*, 2020.

⁷⁷ European Foundation Centre, *"Cultural Welfare: what role arts play in the health and wellbeing of citizens?" with the EFC Arts and Culture Thematic Network*, 2019; Fanea-Ivanovici, M., Pana, M., *From Culture to Smart Culture. How Digital Transformations Enhance Citizens' Well-Being Through Better Cultural Accessibility and Inclusion*, 2020, IEEE Access, Vol. 8, pp. 37988 – 38000.

1.6. Sub-sector assessment of the COVID-19 crisis effects up to autumn 2020

The previous sections provide a general overview of the chain of direct and wider effects resulting from the COVID-19 containment measures and affecting the CCS. However, the economic and social effects of COVID-19 are clearly not equal for all activities and workers in the highly diverse CCS. The next paragraphs highlight how the 8 CCS sub-sectors under investigation have been affected (differently) by the COVID-19 crisis. Section 1.6.9 summarizes the sub-sector assessment in an impact heatmap.

1.6.1. Performing arts

As anticipated in the previous sections, performing arts are among the most affected sub-sectors, due to its venue and visitor-based nature. The halting of activities and the cancellation (or postponement) of events, shows and festivals generated a chain of negative effects, which were difficult to compensate even when venues were able to reopen and events could be organised (with limited capacity).⁷⁸

The main missing income for all the performing arts disciplines (theatre, dance, performances, circus, etc) was represented by lost ticket sales, subsidies, sponsorship and donations. The absence of **box office revenue** is reported as the most important deficit, followed by the non-arrival of government subsidies. Despite difficulties at this stage to calculate the overall losses of the European performing arts sector, figures at national level reveal a dramatic situation. Figures from France relating only to losses in the Great Lockdown period, for example, give an idea of the alarming economic situation of the performing arts and of the future aftermath of the crisis: the revenues lost in the Great Lockdown period amount to EUR 174 thousand (total for theatres) and EUR 70 thousand (total for circus, dance and other disciplines).⁷⁹

Beyond this, **other types of revenues were lost**. Commercial deals related to catering, revenues coming from advertisers, or in some cases fees expected from organisers and participants of workshops and master classes. The arrival of public support could only partly compensate the severe loss of income and help venues and organisations to cover (at least) remaining fixed costs.

An even more **complex condition** was that **of self-employed performing artists**. The less risk-averse approach of venues made them withdrew from agreements without compensating the losses and offering alternatives (postponements or rescheduling). In some countries, they could not even rely on public support as they were not eligible to receive it. In addition, it should also be considered that most freelance performing artists are portfolio workers. Thus, bans on movements and social distancing measures prevented them from networking and meeting potential employers. Most of the multiple income streams performing artists can rely on therefore disappeared.⁸⁰

Behind every performing art show and around each festival or event, there is also a **large ecosystem** populated by several actors carrying on support activities, such as technicians, stage builders, costume and make-up designers, light designers and companies supporting in the organisation of shows and events. The scale of the damage goes therefore far beyond the pure absence of box office revenues. The German Association of Scenographers, for example, revealed that only 1.23% of the 227 scenographers who participated in their survey had been paid.⁸¹

⁷⁸ Part of the information included in this section has been collected through an interview with the International network of contemporary performing arts (IETM).

⁷⁹ Ministère de la Culture, [ANALYSE DE L'IMPACT DE LA CRISE DU COVID-19 SUR LES SECTEURS CULTURELS Secteur du Spectacle vivant](#), May 2020.

⁸⁰ Tsioulakis, I., FitzGibbon, A., [Performing Artists in the age of COVID-19: A moment of urgent action and potential change](#), 2020.

⁸¹ Bund der Szenografen, [Flash Corona survey](#), March 2020.

The direct loss of income deriving from the cancellation of festivals and events also had an indirect **negative side effect on local economies**. The scale of the damage goes beyond the deficits in the festival budget, because local businesses heavily rely on festivals and events (e.g., local cultural enterprises and non-cultural business activities, especially in the hospitality and food and beverage sectors, had foreseen an extra income from an increased number of visitors and clients during the festival period). The European Festivals Association (EFA) for example revealed that income losses for individual festivals range from a thousand euros to up to EUR 3 billion, due to the great variety of the festival scene (the average value of the estimated losses was EUR 150,000, and the median is EUR 40,000).

In addition, the cancellation of all music, dance, theatre and circus festivals had also a **negative impact on local communities at social level**, whose sense of cohesion is strengthened during these events.

Another indirect effect of the complex economic situation was the **worsening of relationships across value chains**. In particular, relationships between venues (especially the larger ones) and artists, companies and producers became tense, due to production offers and agreements that were suddenly withdrawn, without any compensation of losses or a guarantee.

Aside from the most negative direct and indirect effects, the performing arts sub-sector showed immense solidarity and an enormous willingness to survive. The crisis did not always undermined relationships. On the contrary, it has also helped stakeholders along the same value chain to understand each other's vulnerability and to respond in name of belonging to the same ecosystem. **Solidarity and information sharing** have been unprecedented. Many presenters, for example, worked hard to compensate freelancers and companies for the losses of cancelled shows. In other cases, some of the budgets of big festivals had been distributed in the form of incentives to artists and performers, as it happened in the city of Krakow.⁸² When the ban on movements was lifted, many venues, for example, offered their premises to artists as residencies or rehearsal spaces. In the dance sub-sector, many venues supported artists and freelancers by paying them the agreed fee anyway, refunding mobility expenses or postponing the show to guarantee a future income.⁸³

Performing arts have also shown immense **creativity and innovativeness**, adapting the format of shows and festivals. During the Great Lockdown period, digital technologies have been used to switch to new formats, such as digital theatre,⁸⁴ and, when the strict containment measures started to be lifted in many countries, festivals and events previously organised in close places switched to open-air formats or readapted completely as was the case for the Ghent Festival.⁸⁵

Cross-sectoral partnerships have also been established to react to the crisis. A cross-sectoral collaboration between local festivals and the tourism sector was initiated in Edinburgh to appeal to the loyal festivals' participants to travel to the city in the post-COVID-19 era.⁸⁶

1.6.2. Music

The music sub-sector has two main souls: recorded music and live music. This distinction is particularly relevant when analysing the effects of COVID-19 on this sub-sector. Though it is hard to assess the

⁸² Case presented during the webinar: <http://www.oecd.org/cfe/leed/culture-and-creative-sectors.htm>

⁸³ Fondazione Fitzcarraldo, EDN in COVID-19 times, April 2020.

⁸⁴ University of Exeter, *Digital Theatre Transformation*, October 2020.

⁸⁵ <https://www.gentfestival.be/nl/nieuws/nieuw-en-aangepast-maar-ook-enige-houvast/370/>.

⁸⁶ The collaboration translated into a platform called 'Forever Edinburgh': <https://www.etag.org.uk/2020/08/new-edinburgh-tourism-campaign-platform/>

disparity of impact between live and recorded music, it is undoubtable that major negative effects have been experienced by the live sector.⁸⁷

The strict containment measures taken in the Great Lockdown period resulted in an immense **loss of income for both music venues and performers**. Live DMA provides a very alarming picture. An estimated 17 million visits instead of 70 million planned visits makes 53 million less audience visits to music venues in 2020,⁸⁸ than was expected before the pandemic. This is only 24% (a 76% decline) of the number of audiences visits in 2019. Live DMA also estimates that, in 2020, the 2,600 European music venues in their network will have an estimated loss of income of almost EUR 1.2 billion, which consists of an estimated EUR 496 million less income from ticket sales, EUR 521 million less income from food and beverages sales, EUR 172 million less other income. With only 36% of their total income left this represents a 64% decline compared to last year.

As a direct consequence, the **impact on freelance artists and workers has been dramatic**. Since March, freelance and temporary workers are mostly no longer hired and some lost their jobs and income altogether. This impacted not only artists and performers, but also light technicians, security staff, bar and box office employees, etc. Many fixed-term contracts were not renewed, and many permanent workers were permanently dismissed. While some could benefit from unemployment status and receive government support, other non-standard workers could not access any kind of support. The Greek Musicians' Union, for example, explains that most Greek artists and technicians are usually employed for a few months a year and that with the spread of the pandemic, most of them last worked in February, did not work at all until July and started to have small part-time jobs again in summer or in autumn.⁸⁹

Many professionals are thinking about leaving the sector and finding a job in other fields. In the Netherlands, for example, unions revealed that, during the Great Lockdown period, 30% of their members were thinking about looking for a new career. Unemployment and **brain drain** of thousands of workers is expected to increase in the next months, with dire socio-economic consequences. The long-term consequences of the severe loss of income are still difficult to assess at this stage, but some surveys launched in spring reveal some potential future trends. In Hungary only 44% of the companies surveyed said they will continue their business and 3% faced bankruptcy.⁹⁰

As regards the **recorded music** branch, despite an initial two-week shock at the beginning of the pandemic, streaming revenues and digital sales started to grow again shortly thereafter. Although COVID-19 has impacted the music sector in different ways, the negative effects on live music have indirectly affected also music labels and, in general, the recorded music branch. The halt of touring and live shows meant a decrease in performing rights for traditional record labels. The impact also varies among countries, as performing rights represent more than 50% of the overall revenues in some Member States.

The COVID-19 crisis had its effects also on **physical sales**. While listening to music via digital platforms has been an increasing trend in recent years, physical sales still represent an important market in some countries. In Germany, for example, the physical market still accounted for around 36% in 2019 (sales of CDs, vinyl and DVDs amounted to just under EUR 577 million in 2019). The closure of retailers and

⁸⁷ Part of the information included in this section has been collected through an interview with the Independent Music Companies Association (IMPALA).

⁸⁸ Data from 2,600 European music venues in the Live DMA Network.

⁸⁹ <https://pmu.gr/?p=777>.

⁹⁰ Information collected through bilateral interviews. The survey received has been launched by the Hungarian National Cultural Fund and received 893 answers.

the impairment of supply chains had strong consequences also on trade.⁹¹ In Italy, for instance, figures on the percentage change in income by segment in the first half of 2020 compared to the first half of 2019, reveal that the market value of music in physical formats dropped by 51 % for CDs and 37 % for vinyl.⁹²

Overall, given the strong interdependency of value chains, the impact of COVID-19 containment measures on the whole music industry has been incredibly severe. Although exact estimates of the damage are not fully available yet, national forecasts made during the Great Lockdown period are exemplary. The German music industry had foreseen COVID-19 related damages of almost EUR 5.5 billion within 6 months.⁹³ Figures from France reveal that the impact of COVID-19 has led to a significant drop in the turnover compared to the forecasts for 2020, based on the 2019 revenues and on pre-COVID-19 projections (from EUR 10.4 billion to EUR 5.9 billion, with a decrease of 43 %).⁹⁴

1.6.3. Visual arts and crafts

Museums, art galleries and auction houses closed their doors as of March 2020 in many countries. Art fairs were cancelled or postponed, and residency and mobility programmes were stopped everywhere in Europe. This had an enormous impact on all the stakeholders within the value chain, but most of all on visual artists, whose condition was extremely unsteady even before the COVID-19 crisis.

In comparison with other sectors, fewer data seem to be available at European level on the impact of COVID-19 on the visual arts and crafts sub-sector. However, given the similar industrial structure across Europe (including the UK), national data also help outline the effects on the whole sub-sector across Europe.⁹⁵

With regard to visual arts, **loss of income** concerned all stakeholders within the sub-sector, with more or less impact depending on the position in the value chain and the working status. As a direct effect of halting of activities and cancellation of events, foundations, associations, public institutions and art galleries had to close their doors. Fairs, educational and mobility programmes, conferences and all other events of diffusion, expositions and networking were cancelled or postponed. In France alone, figures on the impact of containment measures on the visual arts sub-sector are impressive. The revenues lost in the Great Lockdown period amount to EUR 82 thousand for photographic activities, EUR 158 thousand for visual artists and EUR 172 thousand for commercial arts galleries.⁹⁶

Art galleries had to close their doors in most countries. Where possible (in countries with non-strict lockdown measures), they remained open by limiting the visitor capacity and scheduling appointment-only visits. Many successfully engaged staff in remote work during their closures. Despite already having very tight employment structures and small sizes (most galleries are micro or small businesses with very few staff), many galleries have had to **furlough or permanently lay off staff** in response to the crisis. The magnitude of job losses (the number of employees lost) similarly varied by gallery size and location.

⁹¹ Bericht der Verbände der deutschen Musikwirtschaft zu den wirtschaftlichen Auswirkungen der Corona-Pandemie, March 2020.

⁹² <https://www.statista.com/statistics/1180965/percentage-change-in-income-of-the-music-industry-in-italy-by-sector/>.

⁹³ Please see note 91.

⁹⁴ <https://www.statista.com/statistics/1135112/impact-coronavirus-music-industry-revenue-france/>.

⁹⁵ In addition to the surveys mentioned in the following footnotes, the sources that have been accessed to identify the main effects of COVID-19 on the visual arts sector are also: 1. Art Basel, *The Impact of COVID-19 on the Gallery Sector 2020 mid-year survey*, 2020. This report is the result of a survey carried out in July 2020 and that received 920 responses (59% respondents from Europe). Despite the high share of respondents from Europe, information provided by the report are presented only in terms of trends and phenomena since hard data include also figures from America, Asia, Africa and Oceania; 2. A-n The Artists Information Company, *COVID-19 impact survey*, 2020.

⁹⁶ Ministère de la Culture, ANALYSE DE L'IMPACT DE LA CRISE DU COVID-19 SUR LES SECTEURS CULTURELS Secteur des Arts visuels, May 2020.

In addition to the downsizing effect, sales dropped drastically overall. Sales in the gallery sector were already vulnerable before the COVID-19 crisis. Their business model which is based on discretionary spending and strongly dependent on travel and in-person contact has challenged even more the number of sales in pandemic times. While many galleries have managed to continue trading, values and volumes have dropped significantly.

As a direct effect of cancellations and postponements, **visual artists lost their main sources of income**. The cancellation of events and fairs and halting of market activities closed all the doors to get future work and led to loss of contracted work and commissions. In the worse cases, contracted work was postponed indefinitely. Fragility was increased by the fact that many artists struggled to find tailored support measures in their own countries or were not eligible for the existing ones. The strongest impact is recorded on early career or emerging artists who invested time and resources in developing networks and collaborations.

Another survey launched in Spain among 488 professional resident artists in the country revealed that the main activity affected, from the beginning of the state of alarm, is related to exhibitions and sale of works, followed by exhibitions in museums and art centres, direct sale of works, teaching in public and private spheres, courses, seminars or workshops, artistic projects in other countries and artistic residencies. Most of the activities cancelled are those that provide most of the income to artists in the country and are the key to their economic support. Overall, since the start of the Great Lockdown, 88% of the artists have suffered losses of more than EUR 500, most of the time their only income, exceeding EUR 50,000 only in specific cases. This yields very worrying data since, in a very short time, the losses have been very large.⁹⁷ Future developments for both galleries and artists will highly depend also on the **demand disruptions** connected with the economic crisis.

Artistic craftsmanship experienced the same kind of issues that the visual arts encountered. The main challenges the sector has faced and is still facing are the loss of income, cancellation of sales, orders and events such as fairs, festivals and workshops, interruption to training and education, shift towards digitalisation and access to support schemes.⁹⁸

Despite lack of data, the sector thinks that there will be a significant impact due to loss of income, export sales, reduction in orders, and inability to sell in shops/fairs/markets. Micro and small businesses in particular will suffer the crisis effects. The Danish Crafts & Design Association reported that 85% of their members have been affected by COVID-19. The high decrease in the number of international tourists all over Europe is also another factor that had and will continue to have a strong impact on the sector.

When asked how they will re-organise their activities in line with the new containment measures, many organisations replied that they will focus on digital content, such as engaging digitally more frequently, using e-commerce platforms, increasing training on digital skills. However, despite being able to continue producing at home, artisans fear that switching to digital communication could lead to a misunderstanding of the quality, skill and professionalism that underpins the sector.

The French example confirms the above-mentioned effects and challenges:⁹⁹ 62% of French craft businesses are small and their average annual turnover does not even exceed EUR 150,000. The halting of work, together with late payments have plunged craft businesses into a deep crisis. As a result, all the projects were either postponed or completely cancelled. Investments for business development

⁹⁷ Union des Artistas Contemporaneos de Espana, *Informe De Situación De Los Artistas Visuales Y Medidas Ante La Crisis Del COVID-19*, 2020.

⁹⁸ World Craft Council Europe, *WCC Europe survey: impact of Covid-19*, 2020.

⁹⁹ LSA, *Quel a été l'impact du Covid-19 sur l'artisanat français?*, July 2020.

will no longer be effective. This then leads to a reduction in recruitments in the sector. The French craft industry normally employs more than 2 million people, and the trend was heading more towards growth before the onset of the crisis. The sector is not only slowing recruitment, but many jobs are threatened with extinction. Artistic crafts face therefore the same challenges (and opportunities) that most of the CCS sector is currently dealing with.

1.6.4. Cultural heritage

The global crisis had a strong impact on the cultural heritage sub-sector, which is in most cases venue and visitor based, due to the closing of museums and heritage sites and strict bans on internal movement and tourism, which is the first source of income for many heritage sites. In Western Europe 94.6% of museums had to close their doors during the Great Lockdown, while in Eastern Europe 98.7% were forced to close.¹⁰⁰

Using a representative sample of around 1,000 museums across the EU-27, 44% indicated that they lost up to EUR 1,000 per week, 31% lost up to EUR 5,000 per week, 18% lost up to EUR 30,000 per week and 8% lost over EUR 50,000 per week. The big museums lost between EUR 100,000 and 600,000 per week. Museums in touristic regions looked at an exceptional **income loss** of 75-80%. Within this last category, museums in capitals were among the most affected by loss of income, with an average loss of around EUR 40,000, in comparison with a EUR 20,000 loss in urban areas and EUR 5,000 in rural areas.

Private museums were much more impacted than the public-funded museums, since they draw the biggest part of their revenue from sales. Some of the most impacted museums fear that they will eventually have to close permanently.

The loss of income did not concern only the core activities of museums, but also **ancillary services**, which are outsourced activities in many cases. Companies owning and managing museum cafes and bookshops as well as transport services for exhibitions saw a significant loss of income due to venue closure and postponement/cancellation of exhibitions.

The **impact on museum employed staff** was not so severe. Around 70% of the 1,000 museums surveyed reported that they had to adjust tasks and move all staff to work from home, but that they did not have to lay-off staff. In comparison with other sub-sectors, museum staff were able to work from home. The same trend is recorded in religious heritage institutions.

On the contrary, contracts with **freelance and non-standard workers** were temporarily laid off or halted, making the freelancers category much more fragile than that of employees. In many cases, consultancy work for museums is their first source of income. In general, the situation of the non-standard workers seems to be alarming everywhere, since more than 50% of freelancers saw their salaries suspended. Europa Nostra reports that many conservation and restoration professionals had to take unpaid holidays as projects in museums and monuments were suspended and budgets had significantly been reduced.¹⁰¹

¹⁰⁰ Main hard data come from two sources: NEMO, *Survey on the impact of the COVID-19 situation on museums in Europe Final Report*, 2020. The report has analysed nearly 1,000 survey responses collected between 24 March and 30 April 2020 from museums in 48 countries, the majority from Europe; and ICOM, *Museums, museum professionals and COVID-19*, 2020. This report analyses almost 1,600 responses (46,3% responses from Europe) from museums and museum professionals in 107 countries, across five continents, which were collected between 7 April and 7 May 2020.

Data on religious heritage sites come from FRH, *Future for Religious Heritage Survey report: The impact of Covid-19 on Religious Heritage organisations*, June 2020. The survey had 73 respondents, 94% of whom were based in Europe.

For general trends and effects, it has been accessed also UNESCO, *Museums around the world in the face of Covid-19*, May 2020.

¹⁰¹ Europa Nostra, *COVID-19 AND BEYOND. Challenges and Opportunities for Cultural Heritage*, October 2020.

Most of the museums (80%) and religious heritage institutions (83%) increased their **online presence** (online communication, virtual tours, online exhibitions). Online services that increased the most were those requiring less additional financial resources and/or experience and skills (hashtags on social media or activities around an already existing online collection), while services that required time, resources and skills (podcasts, live content, online learning) increased the least.

Data show that across Europe around 56% of museums have dedicated staff for digital tasks, although not on a full-time basis. This data highlights not only the high use of non-standard workers, but also the fact this staff undertake in some cases new emerging tasks, such as those related to digitalisation.

Most of the museums that increased their online presence also recorded **an increasing number of online visitors**, accessing especially educational material. However, no data show an equal increase in revenues, mainly because most of the online content was accessible for free.

1.6.5. Film

The film industry has also been severely impacted by the COVID-19 containment measures throughout its entire articulated value chain. The crisis has affected both the production and distribution sides of the industry.

On the production side, movie shootings and productions are generally scheduled months or years in advance. They were stopped as soon as the lockdown measures were adopted. However, as soon as bans on movements and strict containment measures were lifted, productions could restart, even if limitations and restrictions were in place. Regular coronavirus tests and distancing measures were obligatory for film teams. **Cancellation or postponement of shootings and productions** affected entire artistic and technical crews, as most of the workers involved are freelancers who are temporarily hired for productions. In March, the UK estimated that approximately 50,000 freelancers would have lost their jobs.¹⁰²

The distribution side experienced a **severe loss of income**. Research shows that most of cinemas across Europe were officially closed as of mid-March, with the exception of Italy (with almost 50% closed from 23 February), Russia (all closed from 31 March), Sweden (only partly closed) and Belarus (not closed). Overall, less than 2% of the 42,000+ screens in Europe remained open from then until May, when cinemas could partly reopen in some countries.¹⁰³

The **box office damage** has been enormous. In Italy alone, box office revenue dropped by over 1100% between January and March.¹⁰⁴ Figures from France, the world's second biggest exporter of films after the US, with around 6000 movie theatres, reveal a dramatic situation that can have a long-term aftermath. Cinemas have never been closed for 99 consecutive days and, despite the fact that they were not able to produce any income, fixed costs still needed to be sustained. Most cinemas could not recuperate technical and marketing expenses invested for the release of movies. In July, the national cinema association estimated that accumulated losses are in France are about EUR 400 million.¹⁰⁵ Even after the partial reopening of economic activities, the social distancing measures forced cinemas to limit audience capacity, with major effects especially on small venues. Despite strict hygiene plans have been implemented in all movie theatres across Europe, a change in consumers' habits and behaviour resulted in limited demand after reopening. Many initiatives have therefore been started to stimulate

¹⁰² <https://www.theguardian.com/film/2020/mar/19/loss-of-jobs-income-film-industry-hollywood-coronavirus-pandemic-covid-19>.

¹⁰³ UNIC, *The impact of the Coronavirus outbreak on the European cinema industry*, 2020.

¹⁰⁴ European Parliament, *Coronavirus and the European film industry*, May 2020.

¹⁰⁵ <https://www.dw.com/en/film-loving-france-fears-the-loss-of-a-generation-to-coronavirus/a-54071865>.

the audience and promote the idea of cinema-going, such as the ‘Back to the Cinema’ campaign launched in 20 languages.¹⁰⁶

In general, most production and distribution companies in Europe are small organisations relying on the production and distribution of a limited number of audio-visual works. Lockdown and the containment measures adopted afterwards undermined their long-term economic sustainability.¹⁰⁷

In addition to halting of productions and closure of venues, the containment measures have also led to the **cancellation or postponement of European and International film festivals**, which are important marketplaces for the movie industry. Some of them, such as the Cannes Film Festival, moved digitally with 12,500 participants attending the Cannes virtual show and 4,000 movies presented from over 120 countries.¹⁰⁸

Other forms of distribution such as **online streaming** have been less affected by the pandemic. SVOD subscriptions¹⁰⁹ were already on the rise before the crisis and grew even more during the pandemic. The big streaming portals, such as Netflix and Prime Video (Amazon), have acquired a bigger share of the market as of March. The COVID-19 crisis seems to have accelerated a sort of ‘Netflixation’ of cultural and creative industries. In other words, the crisis has intensified the use of pre-existing large digital platforms and channels. It seems difficult for new emerging platforms and for existing smaller and independent platforms to compete with the big technology companies becoming even bigger, with inevitable consequences on market diversification and competition.¹¹⁰ Cinemas could also be the ones that will pay the higher price on the long run due to new consumption habits, especially of youngster (a hot topic even before the COVID-19 crisis), among other reasons. **Small cinemas and independent art-house movies are at risk.** Analysts’ forecasts are not reassuring, showing that it is likely that cinemas will focus on the exploitation of ‘blockbuster’ movies and that European art-house movies will rely more on funding from the big SVOD platforms, due also to decreasing investments in films by broadcasters.¹¹¹ Challenges related to both business and artistic perspectives are therefore pressuring the film industry.

1.6.6. Book publishing and press

The book publishing and press sector consists of several stakeholders such as writers, publishers and book sellers, that have been equally impacted by the COVID-19 crisis. Like theatres, museums and festivals, also bookshops closed their doors in most of the EU Member States for weeks or months in some cases. Bookstores and book fairs in the four biggest book markets, Germany, France, Italy and Spain, were also forced to close or were cancelled/postponed. In general, data reveal a very worrying situation for the whole book value chain.¹¹²

Sales in bookstores dropped between 75% and 95% in most countries where a lockdown was in place. Some examples include Austria with -74% in the second half of March, -50% in Belgium for the whole month of March, in France level 1 bookshops (larger stores and culture superstores) reported over -50% for the whole of March, and in Germany more than -30% of sales were lost by the end of

¹⁰⁶ <http://cicae.org/en/coronavirus/back-to-cinema>.

¹⁰⁷ European Audiovisual Observatory, *The European audiovisual industry in the time of COVID-19*, 2020.

¹⁰⁸ <https://www.dw.com/en/cannes-film-market-goes-virtual/a-53942145>.

¹⁰⁹ SVOD stands for ‘Subscription Video On Demand’.

¹¹⁰ G. F. Nobre, *Post Covid-19 and the Creative Economy: tendencies and risks*, 2020.

¹¹¹ Please see note **Error! Bookmark not defined.**

¹¹² Part of the information included in this section has been collected through an interview with The European Authors’ Societies (GESAC). The two main other sources accessed are: Federation of European Publishers, *Consequences of the Covid-19 crisis on the book market*, 2020; and European Writers Council, *The economic impact of Covid-19 on writers and translators*, 2020.

March. For the lockdown period, booksellers' sales in Italy were -75%, with a loss of EUR 20 million. Around the same time, sales in Portugal reported -78%, as well as -80% in Spain and -85% in Romania.

Due to the loss of the main distribution channel, coupled with the restrictions on movement and activities, many publishers experienced a massive reduction in the level of work, and in numerous cases a total cessation. Consequently, many planned new titles were cancelled or postponed, which in turn affected revenues. By mid-May, Bulgarian publishers expected to publish 500 to 1,000 fewer titles than planned in 2020, i.e. a drop of 10-20%, and 87% of them postponed all titles during the lockdown. In the second half of March alone, French publishers postponed the publication of 5,236 new titles and new editions, and by mid-May they planned to postpone on average 18% of titles scheduled for 2020 altogether. Title production dropped 75% by end March in Greece, and the estimate for the whole year is a reduction of around one fifth of the total. Czech publishers postponed some 15% of their titles so far. Most strikingly, in Italy by the end of March some 23,200 titles had been cancelled or postponed (about one third for the yearly production), corresponding to 48.9 million fewer copies printed, and during the whole lockdown period title production was down two thirds.

It was not just bookshops that were closed; so were **libraries**. In order to address the increasing reading needs of their patrons, publishers' licences were made more flexible during the crisis, like in France, where several publishers provided libraries with improved licensing conditions. In the UK, libraries saw a 200% surge in eBook library loans, with publishers offering adapted licensing facilities and aggregators making more titles available. Libraries in Paris at the end of March were recording a fivefold increase in eBook downloads through their e-lending schemes.¹¹³

Many publishing **costs were already sustained and not recoverable**. Rights acquisitions, translations, promotion, logistics and so on were impacted. In addition, some publishers were affected by the disruption of supply chains and by a decrease in exports. By end March, almost two thirds of publishers in Italy were using or planning to use the redundancy fund for temporary/partial unemployment. At the beginning of April, many publishers (and booksellers) in France risked foreclosure if not given support. Publishers everywhere soon were faced with liquidity problems.

Loss of income concerned also writers and translators, whose sources of income are various. 97 % of writers and translators experienced a loss of income mostly because of cancelled lectures, workshops and readings, 64 % expect losses because of the postponed publication of their titles, nearly 40 % expect losses because of postponed contracts and the resulting delay in royalty advances or cancelled commitments. In addition, loss of income derived also from postponing of applications for grants and also literary prizes, cancelled transnational projects and festivals, non-refundable pre-investments in local festivals and projects, sales drop in general and lower royalties due to extreme discounts made by bookshops selling online. In Czech Republic, most of the big publishing houses stopped paying invoices to writers and translators. All across Europe, publishing houses gave away e-books and digital material for free to libraries without consulting authors. Amazon extremely lowered the prices of e-books, meaning lower remuneration for authors.

Freelance translators and writers are also in a very fragile position as they are often not paid while working on a book. Given the uncertain situation and lack of agreements on remunerations rules, many opted for side jobs. To make the situation even more complex, in many countries, state aid was not available for writers and translators. In these difficult times, Collective Management Organisations (CMO) adopted solidarity models to support authors: funds usually used for social purposes were

¹¹³ Federation of European Publishers, *Consequences of the Covid-19 crisis on the book market*, 2020.

distributed among authors and royalty payments have been advanced, so as to create a **safety net** for the most vulnerable categories.

The cancellation of book fairs and public events in bookstores affected all the actors along the value chain, since these are occasions to network, to exchange rights, to showcase new titles, and in some cases to generate high volumes of sales to the public. **Loss of revenues in April continued to grow:** -96% for big bookstores and -89% for smaller bookstores in France, -90% in Spain and Slovenia, -85% in Italy.

Business model innovations allowed some booksellers to keep their activity alive somehow and to generate some income by strengthening their online presence and finding creative ways to reach customers, where possible, due to lockdown measures. In Italy, booksellers who managed to maintain customer loyalty and build an online presence and a delivery strategy contained losses during the lockdown at 71% of turnover on average, against the 85% lost by the sector overall. Due to the increasing demand of digital content, many publishers chose to release certain titles only digitally.

On the contrary, **online sales increased sharply:** +52% in March and +180% in April, many online platforms doubled or tripled their sales in France in early April. eBook and audiobook sales also increased significantly in many countries. However, in none of the countries, were online sales able to compensate for the loss of sales in shops. Another increasing phenomenon was **e-lending and audio book subscription**. However, what both systems have in common is that the remuneration share for authors is disproportionately low or non-existent.

Even the book sector experienced an **increasing appreciation for the value of books and reading within society** during the lockdown period. The Global Web Index Coronavirus Research of April 2020 revealed that 33% of people worldwide read more books and listened to more audiobooks while at home during the crisis. Authors reacted immediately to this higher demand, giving online lectures or participating in digital symposia, where involvement was **unpaid**.

This did not result in increasing sales. Figures show that the increased appetite for books did not, altogether, convert into an increase in book sales. On the contrary, despite the abundance of offering in bookstores and the expansion of library lending, there was a rather **strong increase in e-book piracy**, and overall book sales shrunk. This was due to the disruption of retail, as well as to economic difficulties and the fact that not everyone has access to online channels. In Spain, for example, e-book piracy tripled.

As regards **press**,¹¹⁴ two types of newspapers performed better than others: those that had already converted to digital formats and those with a high percentage of subscribers. In times where digital formats are triumphing, **paper is experiencing hard times**. In France, for example, Presstalis (distributing 75% of the press in the country), has been in suspension of payments since April 20th and is fighting for its survival. Salary cuts have been implemented in the main editorial offices, such as Condé Nast and Financial Times. The destiny of press seems therefore to highly depend on a future digital transition.

1.6.7. Radio and television

As stated in the general analysis of effects on the CCS, the COVID-19 crisis has completely changed people's consumption habits during and after the Great Lockdown period.¹¹⁵ Changes in audience's

¹¹⁴ Schwab, P. N., *COVID-19: the impact on the future of the media industry*, May 2020.

¹¹⁵ In addition to the reports mentioned in the following footnotes, part of the information included in this section has been collected through an interview with the European Broadcasting Union (EBU).

habits have a special importance when it comes to the radio and television sub-sector that highly relies on audiences spending more time at home. However, sectoral reports show that challenges to traditional business and operating models have affected companies working in the sector differently.¹¹⁶

Not surprisingly, the time spent in front of the TV has never been so high: **TV audiences have therefore increased dramatically**, due to the need for information and entertainment. Some national data confirm this trend: 4.5 hours in France, 3.5 hours in Belgium, 3 hours in the United Kingdom, with an overall increase of 6.2% which is expected to increase up to 10% by the end of the year.

Unlike many other sub-sectors for which the halting of production has been completely crippling, the TV sector, despite not being able to produce (e.g. live shows, new movie productions), was able to **broadcast old content**.

New opportunities have also emerged. The confinement and social distancing measures have boosted new television formats, based on applications that allowed the audience to interact live, for example, to overcome the impossibility to have physical audience in live shows. In addition, **digitalisation has disrupted operating models and value chains**, such as that of broadcasters. Usually carried out in presence, the editing of video subjects has been done remotely, thus opening up new possibilities for the future. It is very likely therefore that IT infrastructure will become the core priority in the following year(s).

Aside from the positive effects on the demand side, COVID-19 has **put broadcasters' financial health in crisis**, due to a sudden halt in advertising investments. Advertising is in fact a very important (and sometimes the only) source of revenues for many broadcasters. It is estimated that a decrease by 15% to 20% in advertising revenues has occurred in 2020 compared to 2019 (mitigated by public funding for public broadcasters). To a lower extent, drops in investments for advertising touched also **social media** that recorded declining revenues due to the high reliance on advertising as source of income. However, estimations say that they will easily pick up in 2021. On the contrary, two other main segments such as public funding and pay-TV subscriptions have shown resilience: public funding has not been massively cut and pay-TVs have been protected by one-year contracts and bundles of television services with Internet access services.¹¹⁷

Radio registered an **increase in the number of listeners**. In France, the number doubled, in Germany there was a 34% increase and in Italy 18.5%.

The real **winners of the crisis** are definitely **streaming sites**. Netflix for example saw the number of subscriptions soar by 22.8% in the first quarter. SVOD services seem to be the only not vulnerable market segment at the moment. Despite the positive trend, as anticipated in the general analysis, this raises issues related to the market monopolisation by large streaming platforms and the whole sector's polarisation around a few big players.

¹¹⁶ Schwab 2020, op. cit.; and Oxford Economics, *The economic impact of public radio's music activities*, July 2020.

¹¹⁷ Please see note **Error! Bookmark not defined.**

1.6.8. Games and animation

Few winners can be found in the CCS during the COVID-19 global crisis. One of those, together with streaming platforms, is the video games sub-sector. With a turnover of EUR 21.6 billion and a 3% year-on-year growth from 2018, the gaming sub-sector has proven to be strong also in hard economic times. 2019 was also the year in which the emergence of streaming/on-demand content services came to the forefront – a trend that has been confirmed in the course of 2020.¹¹⁸

Many reports point out the exceptional **increase in number of video games downloaded** during the lockdown period that has consequently led to **increased revenues (new installs across Europe up 19% over February and closing in on 1.2 billion)**.¹¹⁹ Data on **playing habits** show that play time increased weekly by 1.5 hours compared to the same period in 2019 among players aged 6-64 years old. However, across markets there is a notable drop in players claiming playing more when comparing April vs June, a likely consequence of the easing of lockdowns.¹²⁰

Considering the variety of game developers (mobile game developers/PC-only developers/console and PC developers), the most positive impact has touched mobile game developers that often work with free-to-download business models, thus monetising the increase in downloads more easily than PC developers (often based on a pay-per-download model).

In France, for example, digital downloading increased by more than 180% during lockdown weeks. In Italy, sales rose 175% only in the first week of the Great Lockdown. Even physical retail markets proved to be resilient: across all 17 physical retail markets, game sales rose by 82% week-on-week to 1.58 million titles sold during Week 12 (Monday, March 16 - 22).¹²¹

Despite this overall positive trend, the **COVID-19 crisis has not spared the micro and small enterprises**. The biggest economic impact seems to be on small early-stage studios of game developers, currently trying to raise funds to develop their games. Data show that many studios risk closure due to trade missions and events cancelled and investors that have frozen partnership negotiations or investment activities. However, on the other side, medium and large companies are in current need for new talents to recruit, considering the increasing demand of content (20% of the bigger studios are struggling with **talent shortage**).¹²²

The use of video games in pandemic times has not been related only to fun and entertainment. They also represented a **social instrument** to spread and communicate important messages related to health measures and to foster inclusivity, by providing free access to educational and fitness games. Video games were used by parents for their children's education and schooling and research shows that they also had a positive effect on mental health, especially among parents.¹²³

The gaming industry can be therefore considered the best placed to cope with the COVID-19 crisis, due to its agile, dynamic and above all digital-centric nature. Aside from the growing economic trend, video games are also supposed to play an important role in society in the coming years. As shown before, signals suggest that video games could play a large role in future society and that their use is intertwined with other sectors such as health and education.

¹¹⁸ Europe's Video Games Industry, *Key Facts 2020*, 2020.

¹¹⁹ Sinclair, B., *European mobile game developers growing faster than spending, April 2020*; and Lesser, H., *Beyond COVID-19: Lessons from an unprecedented global challenge*, September 2020.

¹²⁰ Ipsos MORI, *Video gaming in lockdown. The impact of Covid-19 on video game play behaviours and attitudes*, September 2020.

¹²¹ Dring, C., *What is happening with video games sales during coronavirus*, March 2020.

¹²² Kaleva J., *EGDF survey shows fear of closure among European studios*, April 2020.

¹²³ Ipsos MORI 2020, op. cit.

1.6.9. Sub-sector impact heatmap

To summarise the assessment of how the different sub-sectors have been impacted by the COVID-19 crisis, we make use of an impact heatmap. Such heatmap allows to make a high-level but visually strong assessment of the impact at the level of the sub-sectors, despite the lack of comparable quantitative data on the crisis effects per sub-sector at European level and based on the previous descriptions.

Colour codes (green, yellow, red) are used to indicate the severity of the impact of COVID-19 on a set of seven key indicators in each of the sub-sectors. The colours specifically relate to our assessment of the impact of the COVID-19 containment measures adopted both in the Great Lockdown and post-Great Lockdown periods. Since quantitative and qualitative data on the effects of the second wave and consequent new lockdowns across Europe are not yet available, **the heatmap has been built on the basis of the analysis of reports published from March until October 2020.**

Figure 14: CCS sub-sector assessment of post-Great Lockdown effects



Source: Figure developed by the study authors

The impact assessment has been translated into three colour codes and two-colour combinations:

- Red: in relation to the selected indicator, the sub-sector has been very severely impacted by the containment measures adopted;
- Yellow: in relation to the selected indicator, the sub-sector has been considerably impacted by the containment measures adopted;
- Green: in relation to the selected indicator, the sub-sector has not been, has slightly been or even positively impacted by the containment measures adopted; and

- Yellow/red and green/red: in relation to the selected indicator, the sub-sector has been considerably/very severely or not impacted/very severely impacted by the containment measures, according to the position in the value chain, the core business activity, and the legal/funding structure.

As for some sub-sectors data on some indicators are insufficient to effectively indicate the severity of the impact, these are not given any colour but left grey in the overview.

2. MAPPING AND FIRST ANALYSIS OF EMERGENCY AND RELAUNCH POLICY SUPPORT FOR CCS

KEY FINDINGS

- Since March 2020, policy makers in Europe have shown vigour to launch considerable and unprecedented emergency measures to support the CCS to survive the crisis. However, the expected losses of income for the CCS outweigh by far the support measures in place.
- In many Member States, policy makers have acted in an agile manner to make emergency support accessible also for artists and freelancers, despite their general lack of social rights. However, emergency measures are only temporary and too fragmented to ensure sustainable working and living conditions.
- Whereas public actors primarily focused on launching income generating support and cost reduction measures, non-public supporters were keener to invest in innovation-related measures to overcome the 2020 crisis.
- Innovation topics highlighted in emergency and relaunch support measures lacked a broad perspective – addressing beyond the digital opportunities also (current) major crises affecting the CCS and society at large (health, environmental, social, international solidarity and economic).

After the outbreak of the COVID-19 pandemic in early 2020, a wealth of support measures have been launched by the EU Member States and at EU level to face the (economic) crisis in the CCS. The will for rapid action was unprecedented.

In this chapter we map and analyse the emergency and relaunch measures that have been taken across Europe to support the CCS. The analysis is structured around the following four thematic areas:

- income generating support measures;
- cost reductions¹²⁴, legal framework modifications and status of the artist;
- support for innovation for and with the CCS; and
- support measures enhancing social cohesion.

The screening of the support measures is based on publicly available databases carried out in September 2020.¹²⁵ Furthermore, we organised a series of four EU-wide focus group discussions with policy makers, experts, researchers and CCS-representatives in October and November 2020 to discuss the main support instruments used as well as the lessons to be learnt so far.¹²⁶

We remark that when mapping and analysing the COVID-19 support measures, it must be understood that most of the emergency and relaunch programmes have not been evaluated so far and it is therefore too early to come up with final lessons learnt. Moreover, during the crisis, many policy makers went through a learning curve and further adapted existing measures in reaction to new (crisis)

¹²⁴ In this study, the term cost-reduction is used in the sense of employment support, tax related interventions, support for liquidity of (CCS) companies and similar support measures. It does not refer to the negative trends of cutting salaries and fees in the CCS.

¹²⁵ See ANNEX I for more information on the data sources used.

¹²⁶ See ANNEX III for the list of participants to the focus groups

contexts. This process is expected to continue as the crisis persists in autumn 2020 and beyond. Nevertheless, a careful analysis related to lessons learnt, is crucial for policy makers to overcome current challenges and for other crises situations, as well as for developing more sustainable cultural and creative sectors support and ecosystems.

2.1. Income generating support measures

2.1.1. Main features of the measures launched during the crisis

Two thirds of the support measures analysed (416 measured in total) address in one way or another the income generation of the CCS.

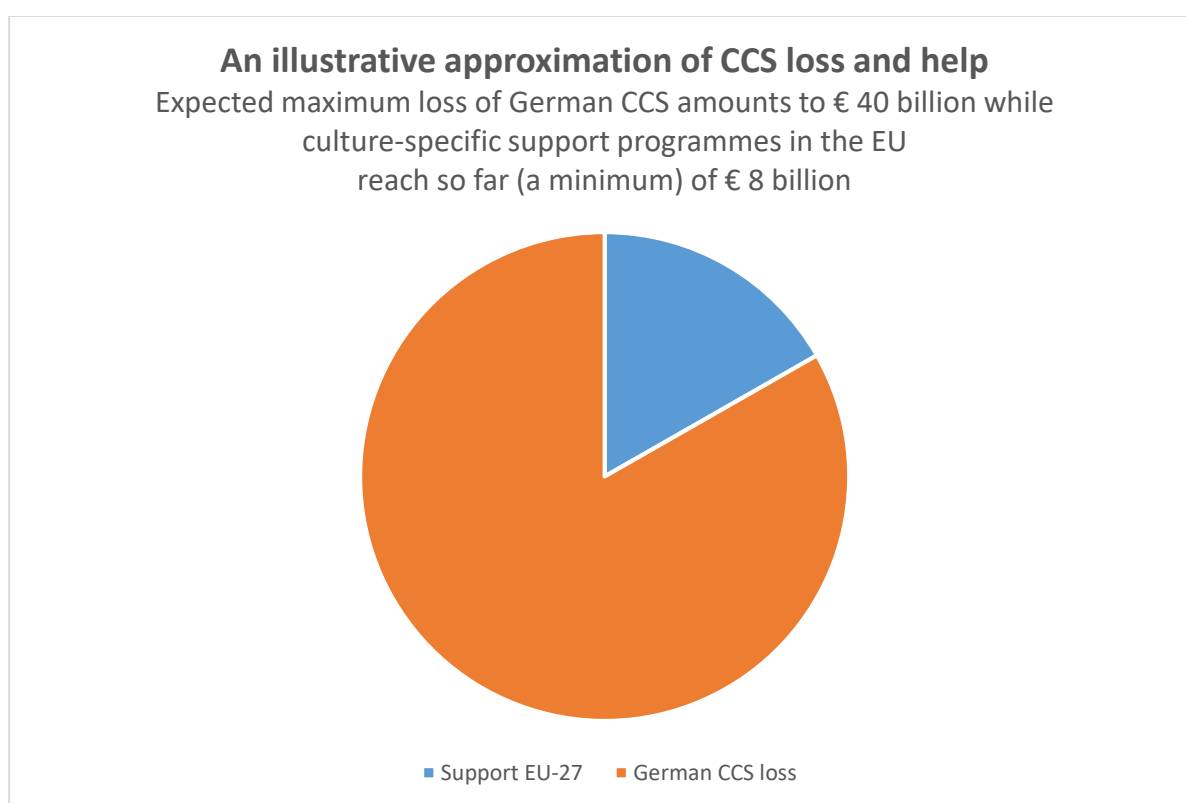
These income support measures can be grouped into three main categories:

- (temporary) income including:
 - generic income provisions for workers and independents which are not culture specific, for example in Member States which have no special status for artists;
 - income provisions for CCWs – these can be generic, culture specific or sector specific (e.g. for filmmakers);
- loans and guarantees - they provide the means to continue to invest in production of cultural content which in turn can deliver income and revenues that will pay back the loan with interest; and
- income-providing relaunch schemes like commissions to artists and cultural institutions to produce cultural content and to continue (and re-start) their contribution to society.

80 % of these income-generating support measures are culture specific and roughly 20% relate to wider generic support programmes (e.g. SME support). Of all measures, 38% were directed at freelancers (artists and other) and 62% at institutions.

A large majority of the income support measures are provided by the public sector (88%) and more than 85% of the programmes focus mainly on emergency support. Relaunch activities cover only 15% of the support measures screened so far.

When comparing the overall budget spent for the CCS in the context of the COVID-19 crisis (based on the sample of 416 measures in the database – see ANNEX I) with the expected losses (estimated in April 2020), a huge gap becomes visible as illustrated in Figure 15. This gap is expected to remain considerable – even if further programmes will be launched. -

Figure 15: Loss and help for the CCS in the COVID-19 crisis

Source: Based on database of study authors compiled in September 2020, and data from Kompetenzzentrum Kultur- und Kreativwirtschaft des Bundes (2020)¹²⁷

Note: The figures are not based on a full collection of all measures taken in the EU and only provide information on trends

2.1.2. Lessons to be learnt for future CCS income generating policies

Transparency and equal access to information about funding and financing are crucial for the CCS.

Transparency and information are central elements that need close monitoring by policy makers. The experiences from the 2020 crisis and related policy responses demonstrate that information needs of CCS workers and organisations are not fully respected. Furthermore, the frequent changes and adaptations of support schemes have further complicated the access to accurate information sources.

Support frameworks must reflect the specific needs of freelancers.

There is increased consideration for freelancers by cultural policy makers and administration when designing support measures. Unemployment support was for example for the first time ever available for freelancers in Finland, although many implementation details remain complex (e.g. related to copyright remunerations). For governments, it is usually easier to provide support for institutions since there are already existing (grant) relationships. During the COVID-19 crisis many governments have recognized freelancers, self-employed workers and artists as crucial parts of the ecosystem of CCS

¹²⁷ Kompetenzzentrum Kultur- und Kreativwirtschaft des Bundes, *Betroffenheit der Kultur- und Kreativwirtschaft von der Corona-Pandemie* (Status: 17.04.2020)

content production and cultural distribution and have taken special measures to ensure access to emergency support programmes for those parts of the CCS as well.

Fair payment schemes need to be applied and debate on alternative income forms launched.

Many artists and freelancers across Europe faced already precarious pre-crisis situation, which worsened in 2020. Related to this, the experiences during the 2020 crisis also seem to provide new momentum to the wider debate on basic income for artists, which is already advancing at EU level. On the other hand, fair payment initiatives were not yet widely discussed at policy level during the 2020 crisis. Questions such as how to build sustainable income frameworks for the freelancers and artists, are (public) clients able and willing to pay a fair price or what about the markets on which these self-employed earn their money, remain open. Some initiatives were taken to maintain the contracts with freelancers from the side of public cultural institutions. For example, in Portugal national theatres upheld all previous financial commitments, including for technicians and independent artists.

Challenging frameworks persist related to new income sources for the CCS and the readiness of non-public investors to (re-)engage.

The private sector only engaged to a limited extent for the CCS during the 2020 crisis. On the side of potential private investors in the CCS, the crisis seems to have had a negative effect on their confidence. This could be seen in e.g., the crowdfunding market, which experienced large drops in the amounts raised. Furthermore, highly successful sectors during the crisis like the streaming platforms, only contributed with symbolic actions so far to ensure the survival of the CCS. In general, the crisis winners remained rather passive. At the same time, actors from the CCS did successfully turn to crowdfunding for donation or pre-sales campaigns. In many cases, they related to local initiatives and called upon specific community support. Furthermore, especially collecting societies engaged for their members. ADAMI France, for example, launched several support programmes and it is estimated that all collecting societies in France together distributed around EUR 1 billion to their members. Related to the relaunch programmes, a more important engagement of the private sector would be desirable.

The potential usefulness of generic support programmes for the (more commercial) CCS still needs in-depth analysis.

Blind angles persist in cultural policy that relate to those parts of the CCS that are normally not publicly funded. There are only very few support measures coming from ministries of culture (like loans or special funding) available for the cultural and creative industries parts of the CCS that usually do not rely on culture funding like pop music, game developers or independent theatre producers. It seems, at least from a governmental angle, that this part of the CCS is mostly not among the sectors that were supported by the cultural ministries. The use and usefulness of generic SME-support programmes for these sectors is not yet sufficiently analysed and related data are not available. A new more comprehensive creative industries policy reflecting on new frameworks to include many economically fragile actors, becomes not yet visible.

Copyright is a central pre-condition to ensure income of creators and to negotiate an equal and level playing field with digital distribution platforms.

During the crisis, some parts of creative value chains did thrive, thanks to more crisis-resistant business models. These successful business models often relate to access to large(r) IP rights portfolios, for example back logs of previous works, in combination with the ability to offer services or products digitally. However, a major problem is that content creators often do not receive a fair remuneration that is proportional to their contribution to the success. For the sustainability of the sector, a fair

copyright framework is very important, taking into account the interests of all actors in the value chain, including the artists. A strong framework to legally ensure and enforce maker's rights is needed.

Financial literacy needs further strengthening to ensure good access to finance.

Access to finance has always been challenging for the CCS and even more so in the current COVID-19 crisis. However, financial literacy in the CCS is still rather limited. For the further recovery of the sector, it is important to continue supporting and providing (public and private) capacity building services to further increase financial literacy. Alternative finance providers (such as crowdfunding platforms or impact investors) can play a role hereby creating awareness about their financial tools towards the CCS and providing training to broaden the financing landscape for CCS actors. Also promoting the use of match funding¹²⁸, for example coupled with crowdfunding or local funding, towards policy makers as an instrument with a large leverage effect on public investments, could open new opportunities. However, such actions have not been taken up widely so far and became not fully operational during the year 2020.

The public value of arts and culture should remain reflected in public budgets for arts and culture.

Although there has been an impressive amount of income support measures, the losses of the CCS – both for institutions as well as for individual artists and freelancers – are even much more important. A twofold challenge becomes visible for the CCS – already in “normal” times highly dependent on public budgets. For some sectors, emergency measures will need to be continued still for some time (e.g. large music festivals). At the same time, the generic relaunch programmes that are being set up to lead the European economy out of the crisis need to be accessible for the CCS too. Related crucial questions to be addressed are e.g., how much budget will be finally available to save the CCS, how successful will cultural ministries be to defend this cause, or what is the societal value of culture which will co-define the public financing available? Depending on the answers to these questions, the CCS can be either a source for employment generation or sectors in decline with high unemployment figures. Campaigns to underline the value of culture for the economy and society are a way to try to save the CCS if sufficient evidence-based arguments are available.

Access to (new) CCS earning opportunities becomes essential during the crisis, including the full use of the Single European Market.

As the crisis persists, new (old) ways of earning, of the relaunching of (cultural) activities, value chains, access to markets and cultural consumer engagement need to be re-started. One related typical element is creative export. For example, 86% of the Austrian Creative Companies are active on EU and foreign markets and 60% export their services (Kreativwirtschaft Austria, 2019).¹²⁹ Most international activities of the EU CCS take place inside the EU – a huge market, a huge competitive advantage, which can actually not be fully accessed due to the wide range of hygiene standards for cultural events and travel restrictions that have been imposed during the crisis. More careful consideration should be given to safeguarding the Single European Market and doing (international) business also in crisis times.

¹²⁸ i.e. combining funding from different public and private sources

¹²⁹ Kreativwirtschaft Austria, 2019, Achter Österreichischer Kreativwirtschaftsbericht. Schwerpunkt Internationalisierung

Building on the social and economic innovation potential of the CCS for the EU relaunch is essential.

(Relaunch) programmes should actively build on the power of the CCS to overcome crisis-related societal challenges, such as e.g., social isolation – the wide range of music initiatives during the quarantine is only one reference element in that regard. Finally, as content production such as for musicals or films requires considerable preparation time, often more than a year, relaunches of activities are urgent in order to not further disrupt the cultural and creative value chains with additional income losses in the coming years. Simple support measures such as commissions might be another good way forward to keep the CCS actively earning. Crucial is the combination of emergency and relaunch programmes with innovation for and with the CCS (further related information is available in Chapter 2.4 of this study).

2.2. Cost reductions, Legal framework modifications and Status of the Artist¹³⁰

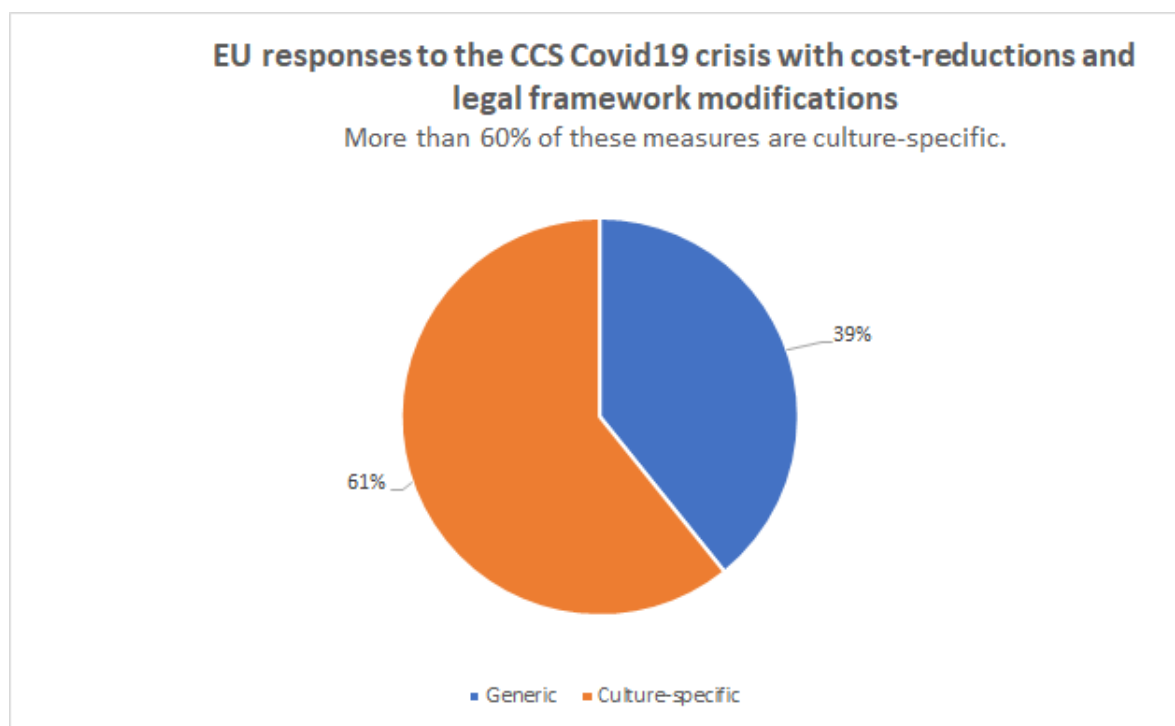
2.2.1. Main features of the measures launched during the crisis

A total of 102 support measures were available for this analysis on cost reduction and legal frameworks, of which 60% were culture specific. Over 90% were emergency-related adaptations of legal frameworks and cost reduction measures – many of which with expiration dates. Relaunch-related measures included also the easing of State Aid Rules (e.g. to allow better access of cultural and creative industries' entrepreneurs to public financial support). Few measures involved also non-public engagement like the voucher systems introduced for spectators of cultural events to avoid cancellations. Furthermore,

¹³⁰ In this study, the term cost-reduction is used in the sense of employment support, tax related interventions, support for liquidity of (CCS) companies and similar support measures. It does not refer to the negative trends of cutting salaries and fees in the CCS.

it could be observed that several culture specific tax reduction schemes were especially targeting the audio-visual and cinema sectors.

Figure 16: EU response with cost reduction measures and legal framework modifications



Source: Based on database of study authors compiled in September 2020

Note: The figures are not based on a full collection of all measures taken in the EU and provide only information on trends.

Regarding the types of legal and cost reduction measures that were introduced in the first months of the crisis, three categories of measures can be distinguished:

- generic measures covering wider sectors than the CCS;
- culture specific frameworks modifications; and
- special help for artists.

Table 1 to Table 3 give an overview of the main measures in each of these categories.

Table 1: Main generic cost reduction and legal framework tools

Generic	Employment Support	Tax Related Interventions	Liquidity Investment /	Flexibility for Grants
Employers / Institutions	Short-time work / allowance Support scheme paying wages Postponement of labour market contribution Social security reduction	Tax relief institutions / SMEs Postponement of VAT and tax payments Exemption from the regional production tax (Irap)	Guarantee facility Guarantee facility for (SME-)loans State-funded soft loans Suspension to pay bank instalments and interests Liquidity assistance Modification of insolvency law Modification of tenancy law Compensation of loan interest Partial exemption / compensation of rent	The EU Coronavirus Response Investment Initiative allowing re-shuffling (ERDF, ESF, ...) Flexibility of grants administration
Employees / Individuals	Sick leave pay for persons tested positive	Tax relief individuals		Flexibility of grants administration
Freelancers / Self-Employed	Social protection for small businesses/ solo-self-employed Deferral of social security contribution Social security reduction Exemptions for social security contributions	Tax relief for self-employed	Suspension to pay bank instalments and interests Liquidity assistance Modification of tenancy law Compensation of loan interest Partial exemption / compensation of rent	Flexibility of grants administration

Source: Based on database of study authors compiled in September 2020

Further generic measures included the EU Temporary Framework for State Aid Measures and the EU Tourism and Transport Packages including recommendations for gradually lifting travel restrictions

and allow tourism businesses to reopen. Furthermore, related to technical frameworks, the measures were limited to the postponing of the closing of the aerial signal for TV broadcast to ensure outreach of public information during the pandemic.

Table 2: Main culture specific cost reduction and legal framework tools

Culture specific	Tax related interventions	Liquidity / Investment	Flexibility for grants
Employers / Institutions	Suspension of retention of the sales price of cinema tickets Prolongment of tax shelter for audio-visual sector VAT-reductions for e-Books Reduction of VAT for cinema tickets Tax credit for rents of cultural locations Tax credit for cinema and audio-visual	Accelerated payment of state subsidies and grants Accelerated payment of public lending right fee Law amendment to allow monument rent suspension Services exempt from paying rent in state-owned monuments Liquidity / Investment support Negotiations with the insurance sector (e.g. cancelled events) Rent suspension Vouchers for tickets of cultural events and support for return tickets Aid for organisers of cultural events No invoices for TV licence fee	Easing requirements for grants Administrative simplification measures Amendment to rules for financial support without activity Postponement of the execution of contracted programs Readjustments of existing grants Creative Europe flexibility rules
Freelancers / Self-Employed	Tax credit for rents of cultural locations	Accelerated payment of state subsidies and grants Accelerated payment of public lending right fee Law amendment to allow monument rent suspension	Easing requirements for grants Administrative simplification measures Amendment to rules for financial support without activity Postponement of the execution of contracted programs

		Services exempt from paying rent in state-owned monuments Liquidity / Investment support Coverage of cancellation fees for artists	Readjustments of existing grants Flexibility of grants administration
Employees / Individuals		Vouchers for tickets of cultural events	Flexibility of grants administration

Source: Based on database of study authors compiled in September 2020

Table 3: Main tools to specifically support artists and freelancers

Culture specific	Specific support for artists	Better working context for artists
Artists / Freelancers	Suspension of pension and health insurance contributions for freelance artists Support measures for intermittent workers Solidarity events and local stage for freelance artists combined with donations Preserving the rights of performing and audio-visual artists and technicians Artists' Social Security Fund crisis mitigation measures Bridge Funding for artists COVID-19 Fund for artists and cultural educators Targeted support schemes for artists with combined sources of income Emergency plan for artist-authors Musical commissions Art creation fund and grants for artists The artists collecting society fund to ensure essential needs Support for independent in the cultural sector Aid for self-employed artists	Commitment of the strongest cultural institutions to comply with the contracts for the cultural sector Cooperative solidarity actions for artists Help desks, hotlines and free services Information portals Upholding of previous financial commitments (including technicians and independent artists) Task Forces and stakeholder groups for designing emergency support measures Artists Manifesto Online open studio by artists in residence and artists in residence at Home Culture Online Portals

Source: Based on database of study authors compiled in September 2020

Especially in those countries where independents are not covered by general social security, a crisis such as COVID-19 shows how extremely vulnerable they are when (temporary) contracts and commissions are immediately ended as a consequence of, for example, a lockdown. Even when they are covered by benefits, these are often less generous than for standard workers. The OECD Issue Note *Distributional risks associated with non-standard work* (2020)¹³¹ provides an overview of income support and social security measures for non-standard workers (independents, flexible workers, fixed term

¹³¹ OECD, *Distributional risks associated with non-standard work: Stylised facts and policy considerations*, Issue Note 4, 2020

contract workers) in many EU Member States. It also shows that non-standard workers in the arts and entertainment sectors are among those that are struck hardest by the COVID-19 crisis.

2.2.2. Lessons to be learnt for future policies aimed at cost reductions, legal framework modifications and artists' support

Freelancers and artists in the cultural system are working under extreme uncertainty and often lack basic social rights.

The 2020 crisis has demonstrated the fundamental differences in working conditions already inside the cultural system and between the CCS and other sectors. Help was provided relatively fast and efforts were made to reduce related bureaucracy. Focus group participants highlighted the payment of lump sums to artists for immediate survival (as applied for example in Croatia and Estonia) as one of the more effective emergency measures. However, the system lacks basic social rights far beyond emergency measures. Social security systems are often difficult to access for artists as they are not meant for use by non-standard workers. The opportunities for (public) business interruption insurances (compared to an unemployment benefit) were not widely discussed, and related legal rights were not addressed. Further action seems to be needed to ensure (social) rights and access to training for the freelancer parts in the CCS.

The representation of artists and freelancers is very fragmented.

Initiatives for better networking of the freelancers and artists in Europe might have the potential to advance debates on fair and sustainable cultural systems in the EU. To date, the representation of artists and freelancers remains extremely fragmented, which impedes a structured improvement of support measures as well as attainment of critical mass for appropriate advocacy and bargaining power. Collective bargaining might be also complex due to competition laws.

The status of artists differs considerably from country to country in the EU.

Furthermore, Europe lacks a more comprehensive exchange on the status of the artist, which is still not recognized in all Member States. The status of the artists is very different in EU Member States and related safety nets are developed to very different degrees as highlighted again by the recent EENCA study (2020)¹³². The intermittent system in France or the status of the artist in Belgium could be named as reference practices for better performing social systems for the CCS in the EU.

Fair professional frameworks for the independent CCS workers are to a large extent not in place.

Fair contractual frameworks (including the obligation of maintaining contracts with artists and freelancers in the case of public support) and fair payment for the independent CCS workers are far from being in place everywhere in Europe. Many CCS workers consider leaving the sectors due to the uncertain future (see also section 1.5). More than ever an improvement of the working conditions and social rights is urgently needed in the multilevel and multisectoral governing frameworks to maintain and develop strong cultural and creative sectors in Europe.

The requirements of the CCS for high-performing digital infrastructures were not sufficiently addressed.

Not all relevant framework areas were equally and sufficiently tackled as part of the short-term support measures. Technical and technological related interventions – despite their huge impact on the functioning of the cultural and creative sectors – focused more on the narrower field of maintaining

¹³² EENCA, The status and working conditions of artists and cultural and creative professionals, European Commission - DG EAC, 2020.

the critical infrastructure for public information transfer (e.g. the maintenance of aerial signal for TV) and support for media and journalists. The crucial requirements for stable and high-speed internet connections for all cultural institutions and remotely working cultural actors (including in the rural areas) was not widely discussed – despite the fast transfer of the cultural world to the digital in spring 2020. With no digital investments in smaller cultural institutions, many will not survive the 2020 crisis and the CCS ecosystem will be further weakened.

The digital ecosystems for the CCS remain fragmented and require further policy action.

Debates on democracy and the digital space where major human rights are concerned were also underplayed so far in the cultural debate. The massive digital transformation for and with the CSS in 2020 was not (yet) sufficiently reflected in policy answers. It must be also understood that parts of the CCS (e. g. circus performances, live music) are very difficult to meaningfully shift to digital performances. In general, until now earning perspectives for the CCS in the digital world have been very limited in many cases and bargaining powers are uneven between the huge digital platforms and the creatives. Related legal frameworks like the EU Copyright Directive and effective IP protection support for the small and micro CCS have not been adopted so far. Despite this major transformation, Member States did not speed up to effectively implement the EU Copyright Directive nationally. IP support and help desks often lack sufficient CCS knowledge to provide adequate support services tailored to the needs of the CCS. Furthermore, the use of algorithms is still extremely untransparent – especially on the major global digital platforms, which reduces further the earning potential of many CCS actors in Europe. Fair payment of digital cultural creation is far from being in place. Many EU CCS actors lack appropriate digital skills, while having no legal rights to access related training (due to their specific working conditions and/or contracts). However, related financial support is foreseen in some of the emergency and relaunch support programmes. Policy measures have also been taken to support CCS online activities. For the new EU programmes generation beyond 2021, a strong consideration of digital transformation and the CCS would be desirable.

The added value of the European Union as a common market and territory of cooperation as well as the opportunity for cross-border exchange was partly lost.

An overly complex set of travel restrictions and rules (some at district level) prevented the creative economy and all (as an almost general rule highly internationally and EU-wide connected) cultural operators to re-continue their businesses and develop new opportunities as well as to re-establish artists' mobility in 2020. These restrictions add on to an already existing overly complex mobility framework inside the European Union comprising of legal frameworks like working permits, double taxation, visa regulations, clearing of copyrights, all of which prevent from the establishment of a real space of free movement. These disadvantageous framework conditions prevent the EU CCS from generating competitive advantages in the global context – especially as East Asia establishes itself as a frontrunner in COVID-19 recovery. While the EU discussions focus on statistics and warnings, much less energy is invested in developing EU-wide contact tracing, information systems and a common EU tracking app in order to re-establish inter alia the EU Freedom of Movement and of Services – both of which are crucial for the CCS. Furthermore, effects of travel warnings might harm the general perceptions of Europeans towards their neighbours and support populist discourses attributing problems to outsiders and foreigners. The CCS are well-placed to engage in cross-border cooperation and dialogue – a debate that has not been sufficiently started.

Cultural administrations could considerably improve the legal and administrative frameworks for the CCS.

Modifications to legal frameworks for the cultural sectors do not exclusively depend on the transformation will of social and fiscal authorities. While tax related interventions and state-aid schemes build on a generic framework on national levels, the cultural administration can contribute substantially to improving the framework conditions for the cultural and creative sectors. Most valuable are, among others, measures to reduce bureaucracy, to maintain contracts with freelancers also in crisis situations, to introduce flexibility in funding schemes and to invest in transparency, information and help desks – the related potential was not yet fully used so far. The public support for cultural institutions should also have positive effects on the artists and freelancers having contracts with these institutions. However, in most cases, institutions chose to help themselves more than the independent artists and freelancers that work for them. Related good practices are not yet systematically documented and disseminated to a wide range of cultural administrations on all governance levels in the European Union.

Further analysis on potential cost-reduction schemes is required to benefit the full CCS job creation potential.

Cost reduction schemes were widely used to address the emergency situation in 2020. The CCS are by the nature of their activities highly dependent on the contributions of humans, limiting the potential for replacements with robots and all kinds of machines. This is one of the big disadvantages and at the same time one central opportunity for the CCS. While the personnel costs including taxes and social security are high, the sectors have the potential to generate substantial employment. A wider reflexion is not yet in place in the EU on which cost reducing models tested during the 2020 crisis could be maintained in order to re-generate employment in the CCS. Social security schemes should be further investigated as an interesting approach. Furthermore, cost reductions included also VAT-reductions – a simple tool with direct effects.

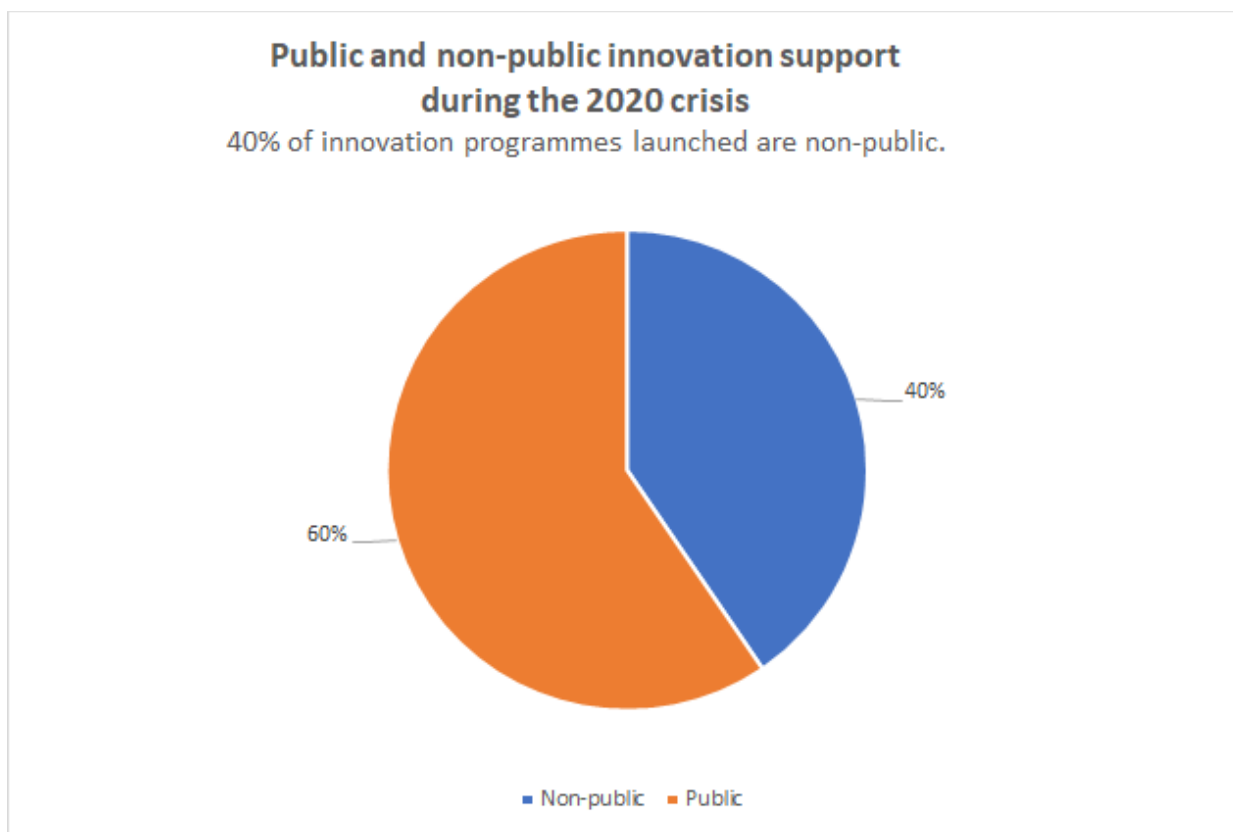
2.3. Support for innovation for and with the CCS

2.3.1. Main features of innovation support measures

Only 10% of the support measures in the database (42 measures) focused on innovation support activities – 95% of which were culture specific. Relaunch naturally played a bigger role than emergency support tools in this category and this might also explain the small available number of measures as many relaunch programmes for the cultural and creative sectors are rather expected to be published in autumn 2020 and later.

Most remarkable is the considerable higher engagement of non-public actors in innovation support. The total sample of non-public short-term support measures in the EU comprises only a share of 14 % related to the number of programmes and of 1% of the total amounts invested. The main non-public investors were collecting societies and foundations.

Figure 17: Public and non-public support for innovation in crisis



Source: Based on database of study authors compiled in September 2020

Note: The figures are not based on a full collection of all measures taken in the EU and provide only information on trends.

Innovation support measures comprise:

- a whole set of reflexions (programmes) mainly initiated by the sector to re-imagine the ways of performing (new stages, new performing formats, safe return of orchestra musicians, future of public space) and heritage (cultural routes) as well as new formats like art residencies at home and calls for innovation, makers for innovation, international networks of creative women;
- the culture specific (big) relaunch programmes; and
- a few capacity-building measures like webinars and research (e.g. Musicovid19).

The innovation topics addressed are varied but seem to lack a critical mass as they are often only covered by very few programmes in the EU. The following innovation support topics were identified:

- digital innovation (e.g. call for projects using multimedia platforms, digital projects for improving remote access to culture, making art accessible through digital media, new virtual promotion activities);
- design innovation, like design for emergency award and e.g., design for hope;
- innovation in education inter alia by specific Erasmus+ calls for the CCS;

- sustainability and innovation (the EU Support scheme for the cross-border dimension of performing arts works); and
- culture and health (e.g. the multi-year strategic program of the Compagnia di San Paolo Foundation in Italy).

2.3.2. Lessons to be learnt for innovation policies for and with the CCS

Innovation policy is crucial – always and even more in times of crisis and disruptive transformations of business and society.

While in a first phase, it is natural to concentrate support programmes on emergency help, fast adaptations to a new context require considerable innovation support in terms of programmes and budgets. Fast movers like China already published in May 2020 an innovation fund for 5G, cloud computing, big data, and AI applications in culture and tourism.¹³³ Inside the EU, a focus on emergency measures still seems to be very dominant. This would require a rapid paradigm shift for supporting entrepreneurship and for stimulating innovation. Fast moving of innovation support stakeholders is crucial to help this highly innovative but vulnerable sector to survive the current challenges and to maintain its (full) innovation potential for the European societies and economies.

Existing innovation support frameworks reflect only partially the specific needs of the CCS.

Appropriate regulatory frameworks have to be ensured related to IP and the EU Copyright Directive (see section 2.2.2). Information about existing innovation support and related support services for the CCS to effectively have access to those, is another crucial public task. Support programmes have proven to be meaningful for innovation when they prioritise simple tools like scholarships, provide spaces for experimentation, and structural support to overcome the current project-logic, which is not appropriate for in-depth innovation processes. Moreover, freelancers are still excluded from many public innovation support instruments – a major shortcoming to tap the full CCS innovation potential.

Innovation topics addressed during the 2020 crisis are too narrow, lack critical mass and broad impact.

Innovation topics covered so far go beyond digital innovation, which seems to be in line with a general debate in Europe on the values of personal meetings and contacts – be it in the social life or on a professional level. The all-digital as answer to the COVID-19 crisis for the CCS would bear the risk of even larger dependencies on digital companies outside of the EU and larger climate change challenges (e. g. energy consumption caused by streaming). Furthermore, it risks missing the huge innovation potential for the CCS in the public space. Crucial innovation topics like social cohesion methods by the creative sectors, arts and health, the role of arts and culture in urban development, ecological innovation, etc. are not yet well covered in the published support programmes. They lack critical mass and impact on the whole territory of the European Union. Furthermore, innovation in audience development is required to bring back visitors and reach out to new audiences that were not reached before. These broad opportunities and challenges related to innovation require, as a general rule, a much broader definition of innovation than currently applied in many EU and other funding programmes.

¹³³ <https://www.britishcouncil.org/research-policy-insight/insight-articles/impact-covid-19-arts-sector-china>

The potential of non-public engagement for the innovative relaunch of the CCS in Europe is not yet fully used.

The budgetary commitments remain very limited. So far, mainly collecting societies and foundations have engaged. Wider initiatives to overcome the crisis from the private (impact) banking sector or in the crowdfunding scene are not visible. Referring to innovation, the cooperation with foundations does not fully tap into the potential win-win frameworks – as many of the foundations are closely linked to big companies. Further strengthening cross-sectoral innovation through CCS partnerships with public innovation funders are a forward-looking approach.

Intra- and extra-CCS cooperation potential is not fully tapped.

Cross-sectoral cooperation as a central innovation topic was already high on the agenda for the CCS before the crisis in the year 2020. Due to the COVID-19 crisis, many opportunities and shortcomings for cross-sectoral innovation became clearly visible. This provides the CCS and policy makers with momentum for a major shift towards bold support programmes relating the CCS with education, the health sector or investing in the development of third spaces. Innovation support platforms were opened to the CCS for co-developing innovative regional approaches, special calls were launched to initiate the CCS to think beyond the obvious. Cross-sectoral cooperation concerns not only the building-up of cooperation and development from the CCS with other economic sectors or societal parts. Also, intra-CCS cooperation and exchange potential is far from being fully used. The 2020 crisis shows that the CCS are challenged in different ways and the many highly innovative elements of the CCS could benefit from new opportunities and good business development.

International cooperation as innovation driver is a feature overlooked in current crisis mitigation support measures.

The opportunities that international cooperation provide for the CCS were considerably neglected during the 2020 crisis. International outreach and exchange are crucial elements for innovation, to learn from peers and from leaders abroad, to understand new trends at an early stage and to react early to (new) needs of international participants and clients. Furthermore, international cooperation builds an important framework for new social issues, economic models and is the basis for the engagement for international solidarity. All these are important innovation features as the challenges of the 21st century are to a very large extent global. This applies to the intra-EU-cooperation formats as well as to the exchanges on a global scale. Furthermore, based on the experiences of the crisis in 2020, the cross-border and international innovation systems need rebuilding. The role of the EU-INTERREG-programmes is crucial in that sense. In addition, the way of doing international cooperation requires innovative approaches to cope with the new global frameworks in the 21st century. The global competitiveness setting requires the attention of (CCS, innovation) policy makers to ensure and enlarge the competitiveness of the EU CCS on global markets. Innovation support is a key element in EU and global settings and the EU internal market would constitute a huge competitive advantage if not fragmented by national and regional obstacles.

Capacity building needs are not sufficiently covered so far in the COVID-19 emergency and relaunch programmes for the CCS in the European Union.

In times of crisis, it is central to invest in lifelong learning in order to be able to innovate and to adapt to the new frameworks. Training is crucial for preparing the stakeholders and entrepreneurs for a new future – be it for better digital skills, artistic development or for coping with other future visible challenges such as climate change. Furthermore, relevant skills to be able to address the EU relaunch programmes are another relevant topic for the CCS trainings. In addition, lifelong learning should be ensured for the freelance parts of the CCS. The role of intermediaries for lifelong learning and training

with a focus on a wide range of innovation and business skills is crucial. These structures are also able to provide peer-to-peer learning settings and knowledge-exchange between different CCS. In order to address the 2020 crisis, many CCS will need to re-orient their business models and critical rethinking processes should also benefit from structural public (innovation) support. Training includes the formal educational sector – heavily hit by the pandemic of 2020 (e. g. home-schooling) – in which the creative skills development, crucial for future innovation capacities, is under severe pressure.

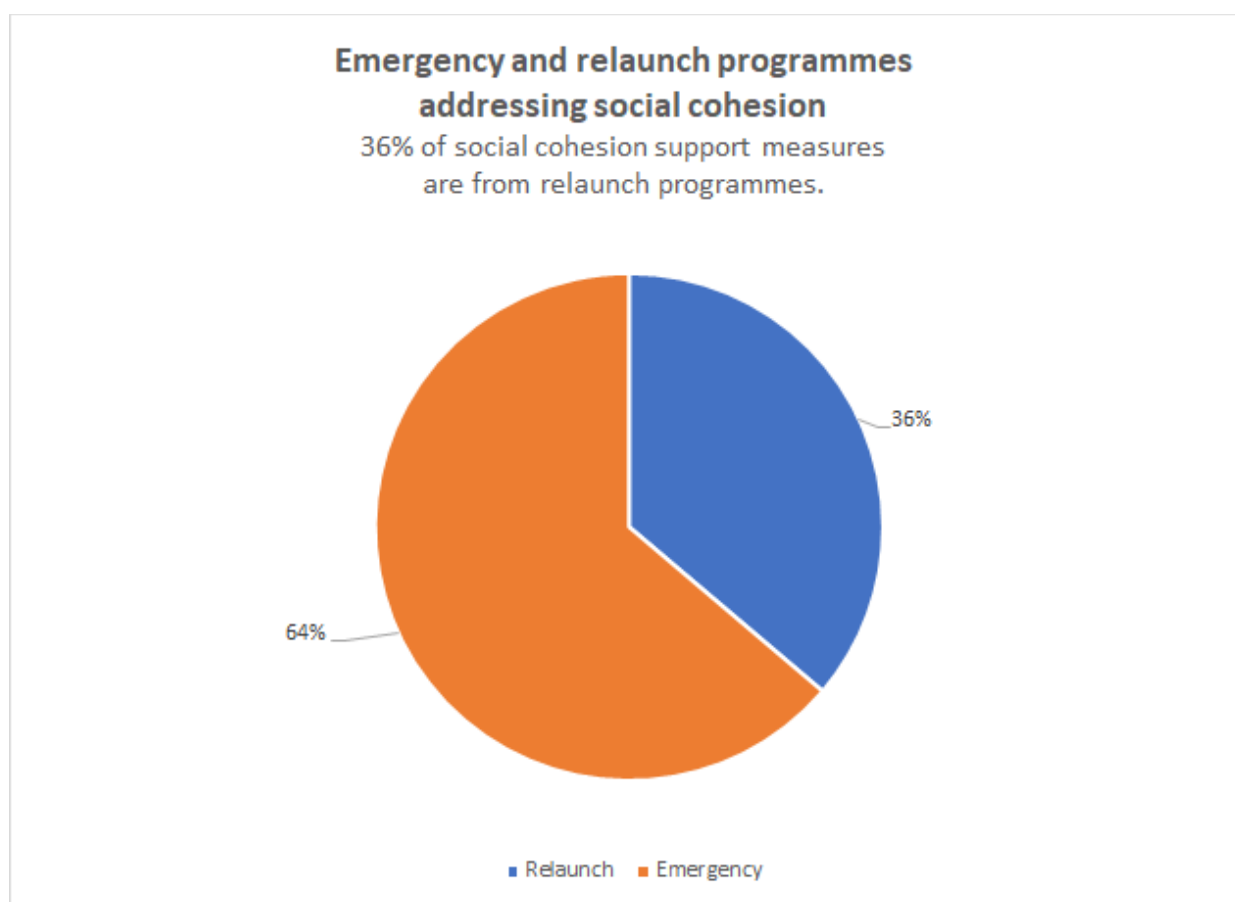
Research is crucial to accompany the transformation process.

Scientific support is needed to better understand the impact of the crisis (monitoring, evaluation). Until autumn 2020, few evaluations on the impact of the support measures were available. Many of the quantitative studies on the CCS are perceived as being outdated. These facts have considerably weakened the evidence-based policy approaches as well as the argumentation base to further convince decision makers to invest in the CCS. The CCS research focused on the development of new formats and related experimental implementation. These initiatives are promising but currently lack the coverage of a wider range of topics and sectors (e.g. beyond music and the performing arts). Good practices are not systematically collected on EU level and the CCS underplay their potential to provide safe spaces for social contacts and encounters (e. g. common visits in museums with hygiene concepts).

2.4. Support measures enhancing social cohesion

2.4.1. Main features of support measures enhancing social cohesion

In the support measures database, 58 measures related to short-term support in the wider context of social cohesion, promotion and awareness raising for the cultural and creative sectors. A considerable majority was culture specific (96%) and not generic. 60% were oriented towards emergency support and more than 84% originated from public sources.

Figure 18: Short-term measures to enhance social cohesion by the CCS

Source: Based on database of study authors compiled in September 2020

Note: The figures are not based on a full collection of all measures taken in the EU and provide only information on trends.

Social cohesion support measures comprise:

- a set of measures focusing on a fully functioning and reliable media sector;
- the provision of digital platforms in order to ensure access to culture, be it live performances, libraries or drive-in cinemas; and
- a limited number of capacity-building measures, such as special calls or training offers.

The social cohesion topics addressed are varied, both with regard to content as well as coverage. Ensuring access to art and cultural production through digital platforms seems to be a dominant feature. Fair culture, also covers the larger issue of a healthy cultural and creative ecosystem and is an important aspect of the social cohesion topic. The following social cohesion support topics were identified:

- culture for health and well-being;
- crisis and out of crisis reflection of the sector;
- solidarity with individual artists and creative entrepreneurs; and
- digital access to culture and cultural products including online portals for artists and digital libraries.

2.4.2. Lessons to be learnt for social cohesion policies related to the CCS

In 2020, culture and the arts have impressively shown their potential for contributing to social cohesion.

Culture had an important role for society during the high time of the COVID-19 crisis and the (first) lockdowns in 2020, when people were unable to meet in person. The public space and everyday exchange with family, friends, colleagues and strangers was limited to a minimum and concentrated to the digital space. As exchanges with other people in reality became more difficult, the confrontation with other thoughts, ideas, opinions and perspectives through fiction and the imaginary became even more important. In general, this can happen through films, books, plays but also through newspaper articles, interviews, podcasts. Arts and culture can reflect the plurality of voices in evermore unequal societies (in terms of access to economic, social and cultural capital) in which we tend to mainly be in exchange with the people who share our (economic, social, ethnic, educational, cultural) background. Some political initiatives started to emerge in autumn 2020 addressing the value of culture and arts for the society – also highlighting the crucial role that cities can play in this regard.

The role of artists and culture as change enablers was underplayed during the 2020 crisis.

Before the crisis, various cultural initiatives targeted vulnerable or marginalised groups like refugees or migrants. Other projects highlighted the importance of arts education for children and youth with two objectives: the transmission of skills (like creativity, intercultural and other social competencies) and the access to art as a recipient or as a tool for self-expression and empowerment. Through innovative formats and participatory methodologies, artists and cultural actors engaged with other sub-sectors, such as health, social care, prison settings and deprived communities. Especially these initiatives were of utmost importance also during the 2020 crisis, when many people were confronted with loneliness or situations of violence. This cross-sectoral engagement, even though crucial for society, has always been underfunded. Reflections on art and social inclusion were also taken up on a project basis during 2020, but a wider outreach of such initiatives with the coverage of most or the whole EU territory became not visible. Innovation, research and the arts remain still on a project logic which does not allow for a long-term planning and rarely provides sufficient time and space for artists and creatives to develop sustainable initiatives.

A broader understanding of the role of culture in the broad sense for the health of individuals and communities is still missing.

Even though the topic of culture for health seems to have been a big topic in spring 2020, the probability of an uptake of this topic in a longer-term perspective remains unclear. Culture can only contribute to more equal and fair relations between different communities and deploy its full potential for society if the sector is overall solid – meaning its different actors, not only the big institutions and income-generating sub-sectors, but also small organisations, informal networks or groups of engaged people that commit to their work on a voluntary basis. The current COVID-19 crisis has provoked responses from a rather limited point of view, where immunologists, politicians, the police have given answers from their respective sectors. We are – however – still waiting for a more holistic analysis that not only takes into consideration the question of public health but also aspects of ethics, civil rights, mental health and philosophy. The cultural transformations due to the pandemic and the major (forced) shifts in lifestyles and social interactions with potentially considerable impact on larger parts of the population's (mental) health are not sufficiently addressed. The potential of the CCS to contribute to these transversal debates and follow-up on implementations are not used.

Some CCS investments in (digital, analogue) spaces for democratic encounter and engagement became visible during the 2020 pandemic.

There is an important link between culture and democracy. The cultural and creative sectors as well as public cultural institutions have quickly proposed access to art and culture by digital means whereas alternative formats e.g., in the public space were less visible. When providing offers for the digital space, it should be, however, taken into consideration that access is not as democratic as it may seem. Using the digital space requires specific technical instruments, competences and linguistic capacities and can easily reproduce existing inequalities. Related major discrepancies of digital access and funds can be also observed in the EU. Public spaces remain key for encounters and communication, also outside of buildings and institutional rules. For several years now, cultural initiatives have deconstructed the traditional dichotomy of a (cultural) offer on the one side and a passive consumer on the other side. During the crisis and in the digital space, cultural initiatives often returned to the more traditional approaches (e.g. offering performances to watch online). Some cultural organisations and projects invite the audience to co-create participatory processes. This can serve more bottom-up approaches involving also those communities that are still hardly reached by the mainstream cultural institutions. Much more attention must be given to all those communities that currently do not participate in cultural offers.

Media support during the crisis was too narrowly focusing on technical-financial elements.

The support to media and journalists has been identified as a crucial topic in the current crisis. However, the responses have been targeting the "technical-financial" level and a lot less the debate and content level or new journalistic formats for a new context. Shrinking spaces of freedom of expression for journalists, artists and cultural professionals and questions of media literacy and how to deal with fake news (also in times of crisis) are not sufficiently addressed. The digital media space is also a related crucial area for further attention of policy makers and the CCS.

High-quality data on crisis effect and mitigation covering the whole EU is still missing.

The mapping has shown that NGOs, networks and other actors of civil society have been remarkably quick in assessing the impact of COVID-19 on the cultural sector(s), although public actors and international organizations have also shown an interest in acquiring more information on the implications of the pandemic, especially in economic terms. These responses can contribute to transparency and provide documentary examples and first statistics from the ground for evidence-based policy making. Continuous and high-quality data covering the EU is not available so far. Fundamental cultural debates on the crisis effect and mitigation for the society are missing.

Existing national and regional cultural support systems vary considerably inside the EU.

There are huge differences in the development of cultural support systems in the EU, and this is a major lesson to be understood, which would require more diversified policy approaches including in EU co-financed instruments. In addition, non-public stakeholders seem to be much less oriented towards social cohesion, according to focus groups participants and suggest that this challenge needs also to be addressed.

International exchange and solidarity are a potential victim of the 2020 crisis.

While the reality of the CCS has been increasingly cross-border in recent years, responses to the crisis have largely remained on a national level. The imbalance of the availability of cultural support between countries and cultural and creative sectors was further accentuated. Emergency funding was not evenly available for different CCS and in the Member States. Also, the types of support measures varied. When borders are closed, the question of solidarity (always less addressed in national debates)

becomes almost non-existent in the context of international relations. The crisis in the year 2020 with partly closed borders and considerable travel restrictions has only worsened the situation. This applies also to the danger of strengthened nationalistic debates and endangering European values and (global) solidarity. Furthermore, policy makers seem to have lost sight of the geopolitical dimensions of international cultural cooperation. Despite these challenging frameworks, many organisations and artists opened their networks internationally in 2020, and mobility has also moved online. Many cities of the globe and from the EU have joined the 2020 Rome Charter to increase international relations and to raise awareness on human rights. International stakeholders stress the fact that in 2020 the international cooperation requires new formats beyond touring and export – also to better understand other perspectives in view of digitalisation and sustainability.

The cultural systems in place are not yet sufficiently anchored in practices and needs of the CCS of the 21st century.

Major topics like health, gender, climate change mitigation or the achievement of the Sustainable Development Goals (SDGs) and the potential contribution of arts and culture were not sufficiently addressed and not specifically covered in the emergency and support measures. However, there appears a huge potential to further address the SDGs from the CCS and to build on related policies in the EU (see Chapter 3). These debates are only emerging in 2020.

3. BEYOND THE COVID-19 CRISIS: FUTURE PERSPECTIVES FOR CCS

KEY FINDINGS

- When thinking about future perspectives for the CCS beyond the COVID-19 crisis, a return to the 'old normal' is not considered a viable option. Given the vulnerabilities that characterised the sectors already pre-COVID-19, the CCS are in need of a more systemic transition rather than recovery.
- The crisis has provided a unique momentum for the CCS to re-think dominant structures and practices and to experiment with possible alternatives, often in (intra- and inter-sectoral) collaboration with new partners.
- When normal activities were halted, many CCS workers and organisations promptly set up alternative ways for doing business, either digitally or by making innovative use of public spaces and re-imagining their relationships with audiences.
- The most striking opportunities that the crisis has accelerated relate to the great contribution of CCS organisations and professionals to the well-being of citizens, social innovation, social cohesion and international cooperation.
- It is of critical importance to further capitalise on these experiments and the lessons learnt, and to upscale valuable alternatives into sustainable practices. The 2030 Sustainable Development Goals of the United Nations are a powerful long-term sustainability compass to give guidance to this transition process and empower the CCS to be(come) a strong enabler of sustainable development in Europe and the global context.

At the time of writing of this study, Europe was still struggling to contain the spread of the COVID-19 virus, while at the same time trying to recover from and repair the great losses that occurred thus far. Large parts of the cultural and creative sectors were again greatly affected by new containment measures that Member States (re-)introduced in autumn 2020. The crisis is not over yet and emergency and relaunch measures remain critical to avoid the collapse of the CCS ecosystem. Moreover, this crisis will not be the last.

Thinking about the future perspectives for the CCS beyond the COVID-19 crisis, while taking into account the analysis in Chapter 1, requires us to think beyond recovery and relaunch.

3.1. Transitioning from crisis recovery to crisis resistance

"We won't go back to normal, because normal was the problem".

Recovery is defined as the return to a normal state of health or strength. However, when thinking about recovery for the CCS after the COVID-19 crisis, a return to the 'old normal' is not considered a desirable option. The unprecedented crisis has exacerbated multiple pre-existing unsustainable practices in the CCS. The analysis of the impact of the COVID-19 crisis on the different cultural and creative sub-sectors highlights that several practices on which the sector builds were neither healthy nor strong. The CCS are **in need of a structural transformation** towards more resilient, fair and sustainable working practices. Furthermore, the uncertain course of the COVID-19 pandemic forces us to place this much needed transformation of the CCS in a (future) context of **continuous up and down of disruptions** in people's personal and professional lives (evolving scenario).¹³⁴ In this scenario it is very likely that we might face future intermittent limitations and bans on movement, travels and gathering until herd immunity is achieved. Consequently, it is foreseeable that:

- the use of digital and contactless technology for creation, production, sharing and dissemination of goods and services will increase;
- consumer and audience behaviour will undergo a radical shift, due not only to mandatory containment measures, but also to increased health consciousness and anxiety deriving from human interaction and the chances of contagion; and
- social isolation and social distrust due to loss of livelihood will severely affect individual well-being and mental health that will result in exacerbated social fractures.

*"This is not the end of the world, but the end of a world".*¹³⁵ The way we think, socialise, spend free time, work, shop and manage businesses will never be the same as before. Re-imagining the CCS of tomorrow therefore cannot be tackled through a limited vision on the future but requires a broader and forward-looking perspective.

3.1.1. The x-curve of transition

An interesting framework for reflecting on the status of the CCS and on how policy frameworks can optimally support a crisis resistance-oriented transformation of the sector, can be found in **transition theory**. *"A transition is defined as a process of fundamental and irreversible change in a society's culture, (institutional) structures and practices"*.¹³⁶ Transitions need years to fully materialise and can be considered as the result of a co-evolution of economic, cultural, technological, ecological and institutional developments at different levels.

Transitions are characterised by the emergence of new structures, cultures and practices and also by dynamics of co-evolution, self-organisation and adaptation. Transitions can be pursued in different fields and with macro and micro perspectives: from a linear to a circular economy, from bureaucratic health care to human-centred care, or from unsustainable CCS ecosystems to sustainable CCS ecosystems.

Transition differs from change due to its systemic nature. Every economic sector is subject to daily changes, prompted by external forces or by an internal desire to do things differently. However, when

¹³⁴ HEVA Fund, *COVID-19 resilience: creative industries options and strategies*, April 2020.

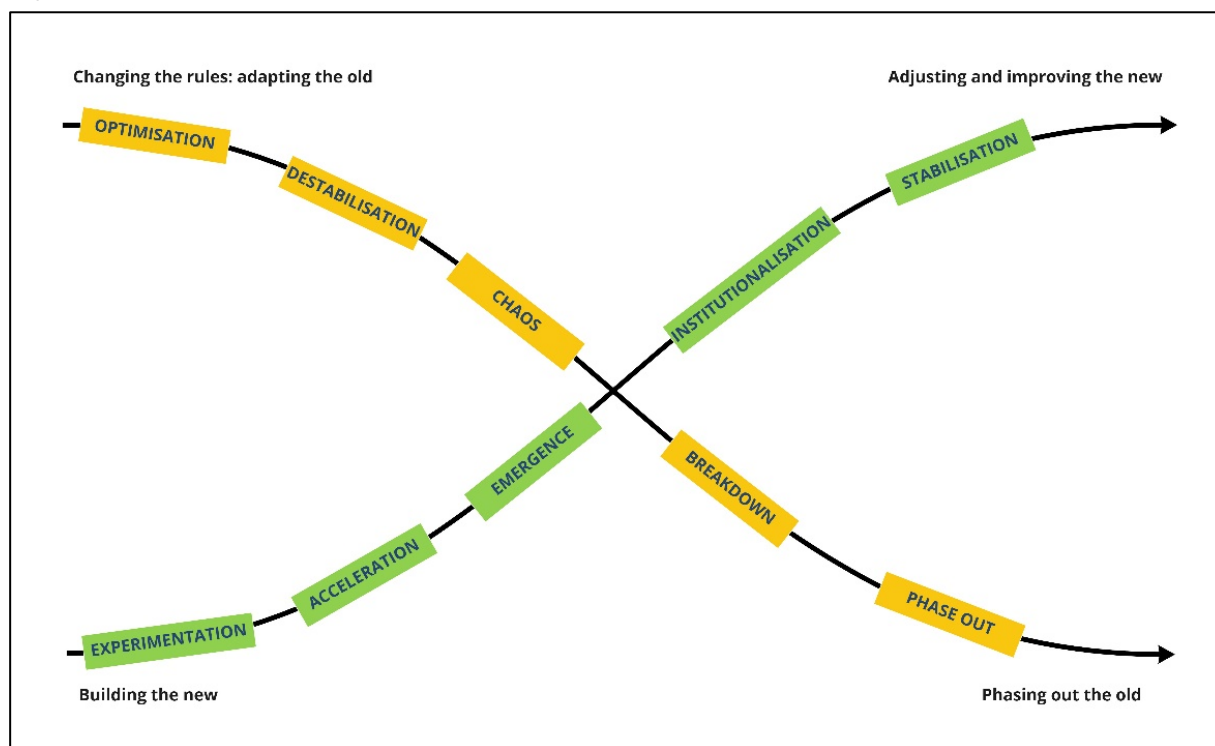
¹³⁵ Interview to the Spanish philosopher Daniel Innerarity, March 2020: <https://bit.ly/3g0X4zG>.

¹³⁶ <https://drift.eur.nl/about/transitions/>.

societal forces combine with unprecedented crisis, which lead to uncertainty and collapse of old structures, large-scale, long-term and non-linear transformative changes occur.

The transition theory has been visually translated into the **x-curve of transition** (Loonback, 2014 – see Figure 19). It illustrates how a transition is a process of both breaking down dominant unsustainable practices, while at the same time developing, mainstreaming and institutionalising more sustainable experiments.

Figure 19: The x-curve of transition - a double movement of build-up and breakdown



Source: Based on Loonbach (2014)¹³⁷

On the top left of the x-curve, we find dominant current practices and signals of the fact that these practices cannot be sustained over time. There are symptoms of pressures, of the instability of the system, and signals that they might be already breaking down. At the same time, on the bottom left of the x-curve, we can observe signals of possible alternatives and new approaches for these dominant practices through experimentation. This situation (left side of the x-curve) can persist for some time (status quo), until a tipping point is reached. The unsustainability has clearly come to the forefront, while in parallel to this, the possible alternatives and new approaches that are being developed gain visibility and acceleration.

3.1.2. The transition pathway for the CCS

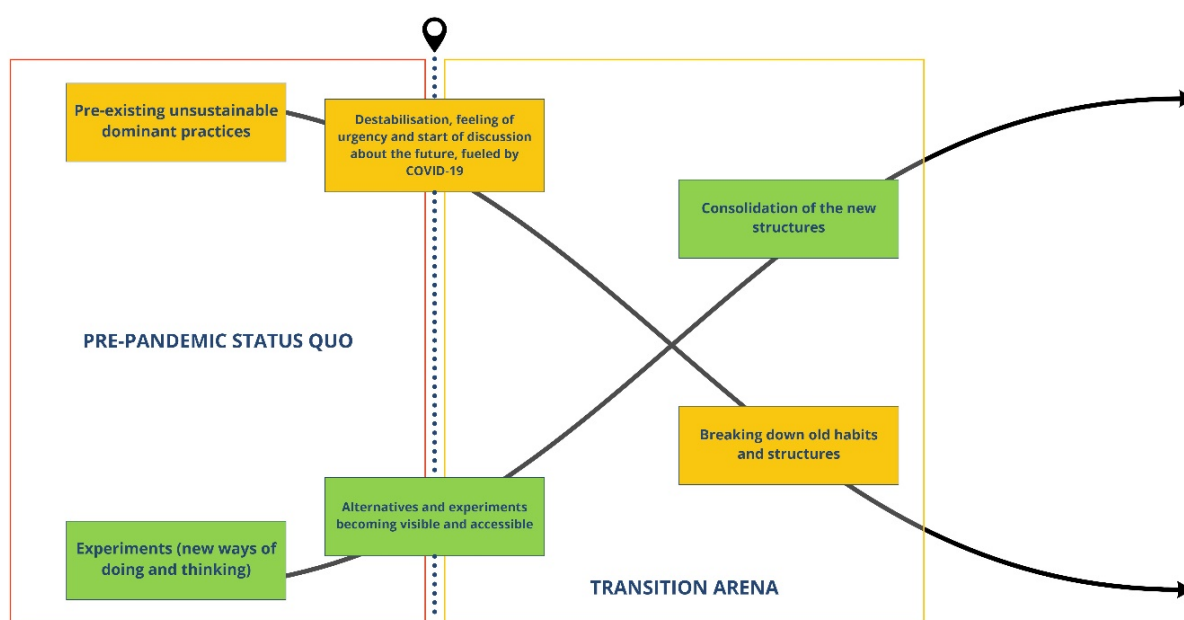
Looking at the CCS, one could say that pre-COVID-19 they found themselves in a situation as visualised on the left-hand side of the x-curve: stuck in a status quo despite signals of unsustainability (e.g. vulnerable working situations, lack of basic social rights for non-standard workers, fragile financing structures).

¹³⁷ Loonbach D., *To Transition! Governance Panarchy in the new Transformation*, 2014

The current COVID-19 pandemic can be considered as an unprecedented event that has greatly upset this status quo. On the one hand, it has exacerbated non-sustainable practices, but on the other hand, it has brought out experiments and new practices (both on the side of the CCS and policy makers) that, along with new practices to develop, have the potential to be scaled up in the context of a broad sustainable transition movement. Section 3.3 provides a selective overview of such interesting new experiments in the CCS.

The disruptiveness of the pandemic has created momentum for **looking beyond a recovery approach** (i.e., going back to the status quo) when thinking about future perspectives for the CCS and for moving into the transition arena towards the right along the x-curve (see Figure 20).

Figure 20: COVID-19 and the transition pathway for the CCS



Source: Figure developed by the study authors

While the CCS has entered the transition arena, it is of utmost importance that the transition movement continues with sustainability as a long-term compass (as opposed to the current unsustainable situation). The European CCS not only needs to be **'built back better'**,¹³⁸ but also to be re-built **under the banner of sustainability**, so as to lead to a deep (COVID-19-proof) systemic change.

¹³⁸ <https://bit.ly/2JIPdRn>: "Building Back Better or BBB became popular as a catch-phrase particularly following the 2004 Indian Ocean Tsunami where it was recognized that the time period following a disaster is an optimal time to make changes in a community. The post-disaster reconstruction and recovery phase presents a unique opportunity to introduce new ideas, technologies and methods to improve on pre-disaster conditions".

Table 4: Recovery versus transition

Recovery approach (‘Back to Normal’)	Sustainability transition approach (‘Repair and prepare’ ¹³⁹)
Short-term view focusing on repairing the damage.	Short-term (repairing the damage) and long-term (preparing for a long-term future) views combined.
Based on the assumption that the CCS were healthy and strong before the COVID-19 crisis and that the severe impact on the sector is due to strict containment measures.	Based on the assumption that the pandemic has exacerbated pre-existing unsustainability and that the strict containment measures were the last in a series of cumulative unsustainable situations.
It considers the ‘Back to Normal’ as reference point to design support schemes and legislative actions.	It considers the ‘New Normal’ as a part of a long-term transformation. Long-term systemic change as starting point to guide and shape short-term actions.
Short-term approach that aims at getting the CCS out of the crisis by building on the emergency measures taken during the crisis management phase.	Long-term approach that aims at making the sector crisis-resistant by substantively and sustainably addressing the root causes of unsustainability.

Source: Figure developed by the study authors based on <https://www.unrisd.org/Flagship2016> and <https://en.unesco.org/news/historic-move-g20-puts-culture-its-agenda-first-time>

Key questions remain including how to define sustainability and sustainable practices? In this respect, the 2030 United Nations (UN) SDGs provide the right conceptual framework to set the scope of the transition process and define actions to be taken to reach the future vision.

3.2. The UN SDGs as long-term compass for transition

To design transition and clearly inform policy makers about their role in the transformation process, a clear definition of sustainability is needed. Sustainability is defined by UNESCO as a *paradigm for thinking about the future in which environmental, societal and economic considerations are balanced in the pursuit of an improved quality of life*.¹⁴⁰ While sustainability is thought as a long-term goal, sustainable development refers to the different processes and pathways to achieve it. The UN identifies four dimensions to sustainable development – society, environment, culture and economy – which are highly intertwined.

The concept of sustainable development is not new. It was introduced in 1987 in the Brundtland Commission Report as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.¹⁴¹ However, in recent years, growing sustainability concerns have intensified the debate as pressures on current practices and systems (economic, environmental, social) increase. The COVID-19 crisis has further increased these pressures.

¹³⁹ “Repair and Prepare” is an expression used by the European Commission when presenting the new recovery instrument, Next Generation EU. https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940

¹⁴⁰ <https://bit.ly/3mnnXQK>.

¹⁴¹ United Nations, *Our Common Future*, Oxford University Press, 1987.

3.2.1. 2030 Agenda for Sustainable Development

Since 2015, the **2030 Agenda for Sustainable Development** is the main plan of action for the United Nations Member States to work towards long-term sustainability for people, the planet and prosperity. It consists of **17 SDGs**. They represent the long-term compass and aim to guide concrete action in the next ten years to create the conditions for sustainable, fair and sustained economic growth, shared prosperity and decent work for all (Figure 21). In this sense, the 2030 Agenda sets an **ambitious vision shared at global level to guide action**. It is a shared horizon providing a transformative approach leading to lasting and equitable solutions.

Sustainable development is also a core principle of the Treaty of the European Union. The EU committed to make sustainable development a priority objective for the Union's internal and external policies.¹⁴²

Figure 21: The 2030 Sustainable Development Goals



Source: United Nations

With the 2030 Agenda for Sustainable Development as a main conceptual framework, we can now define:

- a **sustainable practice** as *a practice which can be sustained over a longer period of time*, in the sense that it explicitly contributes to the implementation of the 2030 Agenda while being in line with one or more SDGs; and
- an **unsustainable practice** as one which cannot be sustained over a longer period of time, because it does not contribute to the implementation of the SDGs or even goes against the implementation of one or more SDGs.

¹⁴² European Commission, Reflection paper towards a sustainable Europe by 2030, 2019. https://ec.europa.eu/commission/sites/beta-political/files/factsheets_sustainable_europe_012019_v3.pdf

3.2.2. The CCS as driver and enabler of sustainable development

The sustainability transition approach that we propose for the CCS considers all the **17 SDGs** as essential. They act as a conceptual compass to design the sustainability transition for the CCS and to define the role of the sector itself. It is also a compass enabling policymaking to navigate the transition.

The 2030 Agenda itself acknowledges, for the first time, the essential role of culture, arts and creativity in meeting the SDGs.¹⁴³ In that context, UNESCO (2012, 2019) points out the dual nature of the relationship that the CCS have with the SDGs (Figure 22):

- on one side, the **CCS are a driver of sustainable development** themselves, working towards breaking down unsustainable practices in their own working context and finding alternatives to replace them with more sustainable practices. The global indicator framework of the 17 SDGs should be the basis to inform the future development of the cultural and creative sector itself in order to reach a social, economic and environmental sustainability. A strong, healthy and sustainable CCS is the pre-condition to ensure that culture can effectively contribute to the achievement of the SDGs. SDGs such as Decent Work and Economic Growth (SDG 8), Responsible Consumption and Production (SDG 12) or Gender Equality (SDG 5) provide a clear compass; and
- on the other, the **CCS are an enabler of sustainable development** in other domains and society at large, by contributing to necessary transition processes with their unique abilities to (re-)imagine and (re-)design, critically reflect and question directions, emotionally move and engage people, contribute to (international and intercultural) dialogue, etc. Cultural and creative sectors are in the unique position of being able to strengthen international relationships and cooperation, contribute to peace and security, generate (social) innovation and employment, increase social cohesion and personal well-being. Although not all 17 SDGs explicitly refer to culture, it is widely recognised that culture and the CCS can directly and indirectly contribute to all 17 SDGs and the 2030 Agenda for Sustainable Development as a whole.

A similar dual perspective on the relation between CCS and the SDGs and the potential of CCS to widely contribute to the 2030 Agenda can also be found in the work, statements and structured dialogues of among others Culture Action Europe, Agenda 21 and Voices of Culture.¹⁴⁴ Similarly, de Vries (2020) talks about the SDGs providing pathways for culture to flourish, while at the same time culture helping to drive the SDGs.

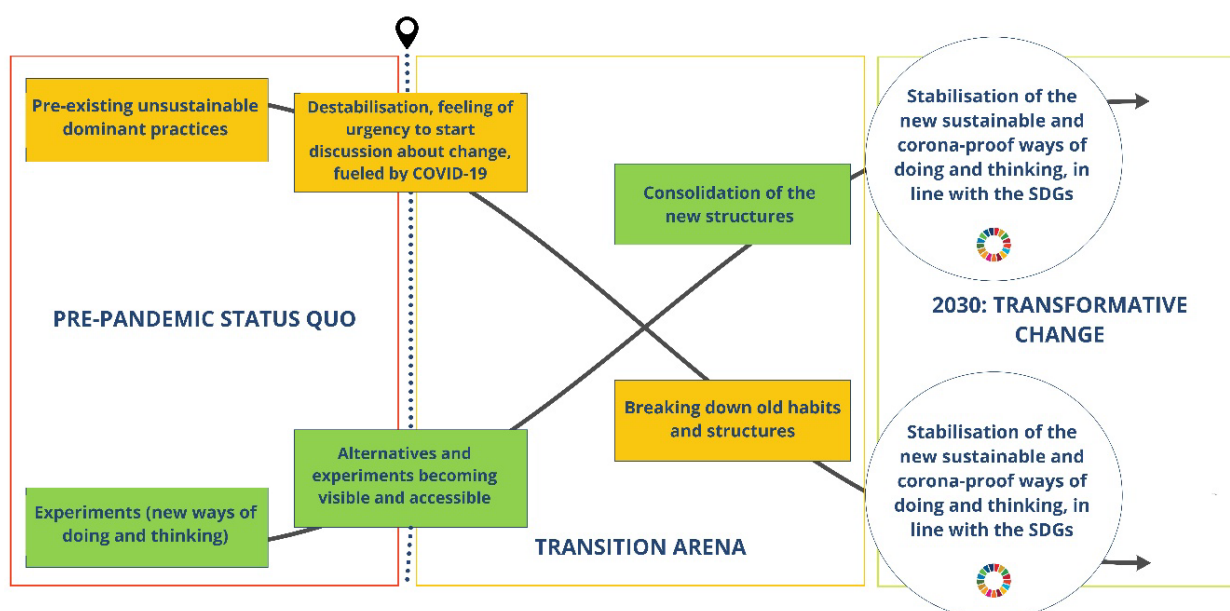
¹⁴³ Unlike the Reflection paper towards a sustainable Europe by 2030 (2019) of the European Commission, in which cultural and creative sectors are not mentioned. https://ec.europa.eu/commission/sites/beta-political/files/factsheets_sustainable_europe_012019_v3.pdf

¹⁴⁴ See e.g. <https://cultureactioneurope.org/files/2019/09/Implementing-Culture-in-Sustainable-Development-Goals-SDGs.pdf>; http://www.agenda21culture.net/sites/default/files/files/documents/en/zz_culture4pillarsd_eng.pdf; <https://voicesofculture.eu/2020/09/21/culture-and-the-sustainable-development-goals-challenges-and-opportunities/>

Figure 22: The 2030 vision: CCS as driver and enabler of sustainable development

Source: Figure developed by the study authors based on The IFCD and the United Nations SDGs

With this dual perspective in mind, we believe that the 2030 SDGs provide a valuable compass to guide the CCS and policy makers in the transition arena towards sustainable change. They represent a set of values, targets and agendas that challenge the current dominant unsustainable status quo and pave the way for the consolidation of more sustainable experiments. Moreover, they set clear and internationally approved ambitions and mobilise every citizen, organisation, sector or institution to contribute, including the CCS. The crisis has illustrated the power of the CCS to be(come) a substantial partner in the EU's commitment to implement the UN's 2030 Agenda, as also illustrated in the next section 3.3

Figure 23: The SDGs as long-term compass for transition

Source: Figure developed by the study authors

The 2030 SDGs can therefore be used in this context of broader transition to guide and accelerate the desired transition, and support the development of alternatives.

3.3. Where are the CCS today? Opportunities and experiments

In Chapter 1, we extensively mapped the pre-COVID-19 situation in which many parts of the CCS operate and how the COVID-19 crisis has exacerbated pressures on unsustainable dominant practices (see Figure 23, top left of the x-curve). At the same time, CCWs and organisations throughout Europe have also shown great innovative power to cope with the imposed containment measures and to (further) develop and experiment with new ways of doing things and new ways of collaboration. Emerging innovation was boosted and accelerated by the crisis and by the consequent need to adapt. Experiments and alternatives that were present before the crisis, became more visible and accessible, inspiring others in the CCS to also engage in re-imagining practices. Some experiments indeed give perspectives on potentially more sustainable practices for the future, where others fuelled debates on their longer-term potential (see Figure 23, bottom left of the x-curve).

In this section, we specifically focus on the bottom left side of the x-curve, and look into interesting experiments that could be observed during the crisis, and that might contain **embryos for designing, upscaling and consolidating new structures and practices** on the long run.

3.3.1. Accelerating new ways of doing business

From a business perspective, the future crisis resistance of the CCS strongly depends on their way of doing business, the degree of digital innovation, the set-up of new collaborations, the re-thinking of relationships with audiences and customers and the development of new revenue models.

Digital innovation

When the COVID-19 containment measures forced CCS organisations and freelancers to close their doors and halt their activities, many of them promptly adapted their offer in different ways to new digital distribution formats. When possible, some sub-sectors have also adapted their creative

processes. The innovativeness of the digital solutions proposed by the sector during the Great Lockdown and in the post-Great Lockdown period have their roots in the pre-crisis status quo where the discourse on the need to open to digital technologies was already widely present. Initiatives such as the hackathon 'HackCreative', for example, boosted innovative ideas to provide support to the industry in crisis times (and beyond) thanks to the use of digital technologies.¹⁴⁵

The COVID-19 crisis has accelerated the adoption of digital solutions and the development of new digital formats. Although it is clear that for some sub-sectors – such as performing arts and live music – the digital element cannot replace the need for human interaction, there is no doubt that digital technologies have successfully enabled organisations and professionals to continue producing, distributing and maintaining contact with audiences and communities.

The main digital solutions that have seen an increase in their use can be clustered as follows:

- **distribution of digitised content:**¹⁴⁶ CCS organisations and professionals have shown immense resilience, inventiveness and adaptability in order to continue to be able to perform business activities and to reach audiences. As soon as the strict containment measures banned movements and social gatherings, organisations and artists increased the sharing and distribution of digitised content. Virtual tours, online exhibitions, 'opera on the sofa', among other initiatives were organised by museums, theatres and individual artists. In Bosnia and Herzegovina, 70% of cultural institutions and 80% of cultural and creative industries¹⁴⁷ declared that they have adapted by switching to the online way of performing business activities. They offered online cultural content of recorded material (theatre shows, performances), digitised material (libraries, archives) and live performances (concerts, book reading).¹⁴⁸

On the distribution side, in addition to the big digital platforms mainly used in the music and film sub-sectors, new independent platforms and ways to distribute online content emerged during the Great Lockdown period. In Slovenia, for example, Emanat launched a regular TV programme freely accessible on 'Emanat TV', where recordings of performances from their archives are broadcast for free. They created this broadcast service in the name of "*a society without corporate control, algorithms and (...) which is possible only with free open-source software*".¹⁴⁹

- **digital creation and mobility:** in times of confinement and social distancing, new forms of artistic creation emerged. Digital technologies have been a valuable ally not only in distributing and presenting physical or digitised creative content, but also in creating new content. The most interesting experiments come from those sub-sectors that were less used (or inclined) to create content with digital formats. 'You never dance alone' is a project/platform launched to establish an alternative place to stay connected, where audiences and dancers co-create the

¹⁴⁵ <https://www.fold.lv/en/2020/05/winners-of-hackcreative/>.

¹⁴⁶ When talking about digitised content, we refer to online cultural content deriving from the digitisation of both old recorded material (e.g. old productions and performances from archives) and new material (e.g. live performances). The difference is relevant as it concerns the possibility for current artists to perform or to be paid for their previous productions. The examples presented in this section deal with both the perspectives.

¹⁴⁷ The cultural and creative industries refer to those parts of the modern economy where culture is produced and distributed through industrial means, applying the creativity of individuals and groups to the generation of original cultural product, which may have commercial value either through direct sale to consumers or as intellectual property.

<https://www.oxfordbibliographies.com/view/document/obo-9780199756841/obo-9780199756841-0188.xml>

¹⁴⁸ UNESCO, Bosnia and Herzegovina Ministry of Culture, *Socio-economic impact assessment of Covid-19 to cultural and creative sectors in Bosnia and Herzegovina*, 2020.

¹⁴⁹ <https://tv.emanat.si/>.

content on the platform.¹⁵⁰ Other interesting projects were developed thanks to the collaboration between cultural centres and multi-disciplinary artists. The Austrian cultural centre ArtSocialSpace Brunnenpassage launched the online project JUMP!STAR as an emotional project helping audiences shape hopes for the post-COVID-19 era.¹⁵¹ In addition to pre-recorded performances, live digital performances also became popular: the Canadian Festival of Live Digital Art (FOLDA), supported artists in creating theatre in a digital age.¹⁵²

In the framework of a long-term transition, digital solutions can complement the physical element in order to:

- make the CCS more economically and financially sustainable and COVID-19-proof in the long-run;
- make cultural and creative content accessible to a wider range of people, especially those that are less mobile and/or living in rural and remote areas;
- ensure continuity of contact with audiences and communities; and
- foster sectoral internal innovation, new artistic expressions and access to new market opportunities.

New collaborations

The COVID-19 crisis has accelerated **intra-CCS collaboration**, which is certainly one of the silver linings of the crisis. Although CCS businesses are certainly not new to intra-sectoral collaborations to combine efforts and resources, the acceleration given by the crisis is an emerging opportunity that, if further consolidated, can become an intrinsic sustainable component of the business models of cultural and creative organisations and professionals.

Some of the most exemplary cases (worldwide) arise from the collaboration between public broadcasters and the performing arts sector. The Montenegrin Public Broadcasting Service (RTCG) started to broadcast a special programme called 'Live the Culture/Stay at home' every night, with selected theatre plays, documentaries, concerts, etc. from Montenegro. The aim, among others, was to promote Montenegrin artists and their work, making it accessible to everybody.¹⁵³ 'Festivals for Compassion' is another example of fruitful collaboration between a public-service radio channel in the Netherlands (NPO Radio 4), composers (the Greek-Dutch composer Calliope Tsoupaki) and several festivals (initiative of the Festival Wonderfeet).¹⁵⁴

At the same time, the crisis has also accelerated **inter-CCS collaboration with other sectors and cross-fertilisation**, such as health and education, to lead to increasing cross-sectoral business and social innovation. While the social perspective will be deepened in the section 3.3.3, good examples of cross-business innovation come from the collaboration between the CCS and the health sector. Gateshead Libraries in UK, for example, developed the production of personal protections to answer to a local shortage of this equipment in care homes. In March, the library service officially opened a new facility called MakerPlace and produced 7,500 visors delivered to over 60 different private care homes,

¹⁵⁰ <http://you-never-dance-alone.ch/>.

¹⁵¹ <http://www.jumpstar.love/>.

¹⁵² <https://www.folda.ca/>.

¹⁵³ UNESCO and others, *Socio-Economic Impact Assessment of Covid-19 to Cultural and Creative Sectors in Montenegro*, July 2020.

¹⁵⁴ <https://festivalsforcompassion.com/the-idea>.

paramedics, the Red Cross, etc. This case shows how existing skills can be adapted to diverse needs and how cultural and creative organisations can become effective hubs of business and social innovation.¹⁵⁵

Re-imagining relationships with audiences and customers

Some transformative practices are also found in the way that CCS organisations and professionals physically reached their audiences (especially after bans on movement were progressively lifted). Cultural and creative professionals were able to reach their audiences and customers through hybrid formats in which the physical and digital components complemented each other. Although it is still uncertain whether these contingent responses will effectively develop into systemic transformation, they are harbingers of future innovation and have the potential to be scaled up. This innovation is twofold: it deals with new ways of doing business and enriching the value proposition, and it also has a possible aftermath on the social level as it strengthens connections between cultural and creative organisations and local communities.

Many local small bookshops, for example, adopted innovative solutions to continue perform their business activities and maintain a close relationship with their local customers at the same time. Several of them have launched new services based on a combination of online orders and home delivery, thanks to an increased and targeted online communication with their local customers. Some examples come from Belgium,¹⁵⁶ the UK,¹⁵⁷ and Sweden.¹⁵⁸ Other examples from the UK highlight the experimental nature, such as the charity B-artsy, which created a set of micro commissions called CARE.¹⁵⁹ A group of artists was commissioned to lead street art interventions in a local housing project where care homes were present. The project has been a way to reconnect artists with local communities, and to provide a meaningful work opportunity.

Revising revenue models

The COVID-19 crisis has forced many CCS organisations and professionals to further **restructure and rethink their revenue models**. As anticipated in the analysis provided in Chapter 1, digital technologies played an important role during the crisis in ensuring CCS organisations and professionals to generate revenues that could, albeit only in part, make up for the severe loss of income.

Monetisation of digital content is certainly not a new topic for the CCS, especially for those sub-sectors that usually produce content in a digital format (e.g. gaming sub-sector) or are used to distributing content digitally, although not yet with sustainable remuneration models (e.g. music, film, radio and television, book publishing and press and, to some extent, visual arts). However, the COVID-19 crisis has accelerated the exploitation of digital income sources by those sub-sectors that had not yet fully implemented digital in their income models due to the predominant physical/live component, such as performing arts, live music and heritage.

The sub-sectoral analysis shows that digitisation of content and online sharing, along with an increased exploitation of online distribution and e-commerce platforms, opened up new revenue streams not only for distributors, but also for creators and rightsholders. Although initiatives of online sharing that were free of charge or donation-based were more numerous than paid ones, some examples of monetisation of digital content show the high potential in making CCS organisations and professionals more crisis resistant. Moreover, the massive increase in digitised content and physical content

¹⁵⁵ <https://www.local.gov.uk/covid-19-emergency-response-ppe-production>.

¹⁵⁶ <https://visit.brussels/en/article/coronavirus-all-your-favourite-books-delivered-to-your-door>.

¹⁵⁷ https://www.theguardian.com/books/2020/mar/16/coronavirus-indie-booksellers-inventive-sales?CMP=share_btn_tw.

¹⁵⁸ <https://www.svb.se/nyheter/vi-tar-bockerna-under-armen-och-gar-hem-till-folk>.

¹⁵⁹ <https://www.b-artsy.org.uk/care>.

distributed or sold through online platforms present interesting opportunities for the future as well. 'Hire artists', for example, is a marketplace designed by and for artists to facilitate creative exchanges during this unprecedented crisis. Furthermore, it is an opportunity for artists to diversify their income and gain support.¹⁶⁰ Another relevant example comes from Norway, where a new licensing model has been established during the Great Lockdown period by TONO, the Norwegian collective society/performing arts rights organisation. When lockdown was imposed in Norway, performers moved the live music experience online, with a series of 'corona concerts'. In order to make these streamed concerts profitable, the collective society established a new licensing model and ensured that songwriters, composers and authors shared in the revenue. After an initial tariff of 10 % of the income generated, a standard 12 % tariff was established. By mid-June, 400 streamed concerts were licensed and invoiced, thus generating income of more than EUR 100 thousand.¹⁶¹ While this amount is far from compensating for the losses caused by the cancellation of concerts and festivals, the new licensing model represents a new source of income for musicians in Norway.

3.3.2. Strengthening sectoral unity and solidarity

An **increased sectoral unity** is witnessed by the numerous joint statements, advocacy actions and spontaneous movements that were born during the Great Lockdown period and that contributed to showcasing less fragmented and more united CCS. Cases like ResiliART, Culture Action Europe advocacy action and the international movement #WEMAKEEVENTS are only three of the numerous examples that underly this increased sense of unity. The first is a movement launched by UNESCO to shed light on the far-reaching impact of COVID-19 on the CCS. It conveys the needs of cultural professionals into one voice, by covering all pressing issues including working conditions, copyright protection, digitalisation and freedom of expression.¹⁶² In parallel, joint statements such as the one signed by Culture Action Europe and European Cultural Foundation (representing many cultural and creative networks all over Europe covering all sub-sectors), is a signal that the sector is advocating towards policy makers as a whole.¹⁶³ #WEMAKEEVENTS is another example of a movement born to champion all of the people in the events industry, including festivals, tours, landmark theatres and grassroots venues.¹⁶⁴ When reflecting upon the future, the CCS must consider pursuing the road of sectoral unity systematically when advocating or lobbying for policies that can benefit the entire sector.

In times of crisis, the CCS also gave proof of immense solidarity. Many initiatives coming from within the sector and along value chains have shown the proactivity of each actor in responding to the crisis with empathy and constructiveness. SOS Relief, for example, is an initiative, created by the Belgian platform State of the Art, which facilitates person-to-person financial solidarity. It aims at connecting people with financial stability to people faced with precarity as a result of the COVID-19 crisis in Belgium.¹⁶⁵ New movements to support cultural and creative practitioners have also been initiated, such as the 'Support art workers' movement in Greece.¹⁶⁶

¹⁶⁰ <https://hireartists.org/#about>.

¹⁶¹ International Confederation of Authors and Composers CISAC, *COVID-19: CRISIS, RESILIENCE, RECOVERY*, 2020.

¹⁶² <https://en.unesco.org/news/unesco-launches-resiliart-movement-artists-and-cultural-professionals-face-covid-19> (ResiliART movement webpage).

¹⁶³ CAE and European Cultural Foundation, *The Future of Culture and Creative sectors in post-COVID-19 Europe*, 2020.

¹⁶⁴ <https://www.wemakeevents.com/>.

¹⁶⁵ [SOS Relief](https://www.sosrelief.be/).

¹⁶⁶ <https://www.supportartworkers.org/>.

3.3.3. Scaling up the positive contribution to societal issues

The most striking opportunities that the crisis has accelerated are undoubtedly related to the immense contribution of CCS organisations and professionals to proactively respond to social fragility and improve personal and collective well-being. Although widely recognised even before the crisis, the power of arts, culture and creativity to positively contribute to societal issues, it is now at the forefront of worldwide discussions.

Proactive response to social fragility

Social innovation is about new ideas that meet social needs, create social relationships and form new collaborations. In crisis times, the CCS have proven not only to be able to implement innovative solutions, but also to be at the forefront when it comes to proposing innovative ideas to tackle societal issues. Many examples of fruitful cross-sectoral collaborations show the **proactiveness and innovativeness of the CCS in responding to increased community fragility and social fractures**. The closure of schools, for example, has sharpened the vulnerability of families, children and young people living in disadvantaged conditions, thus increasing marginalisation and sense of isolation. Arts and culture have been able to effectively continue engaging with children and young people. **Cross-sectoral collaborations between public broadcasters and the education sector** were established, for example. Public media services put efforts into increasing not only children's content, but also educational programmes in partnership with schools. The 2000 Bitesize Daily Lessons of the BBC were viewed 70 million times and are a good example of the high social value of public media service and of its future potential, if partnerships with the education sector are systematically established.¹⁶⁷ In collaboration with educational institutions, galleries, museums and theatres developed and provided **educational materials online with free access**. In Bosnia and Herzegovina, the Museum of Contemporary Art of Republika Srpska released its first children's book together with colouring books available online free of charge in three different languages, followed by a friendly competition to send original drawings to the museum.¹⁶⁸

To **combat digital exclusion** of people living in marginalised conditions, CCS organisations and freelancers launched initiatives in partnership in which the central elements were not digital content. A partnership between UK-based organisations and local freelance creative practitioners was able to create, package and distribute creative packs with art supplies and creative resources for activities that can be done in the home, requiring few or no additional materials, suitable for a wide age range to 25,500 families.¹⁶⁹ In other cases, sharing unique content online had a strong social value in contexts with political tensions. This is the case of the Belarus Free Theatre, the only theatre in Europe banned by its government on political grounds, 24 productions from the past 15 years to watch online on their YouTube channel were made available with the clear purpose to stay close to their community. They also launched a campaign in this regard.¹⁷⁰

Artists and creative organisations all over the world have also been working with public institutions and health organisations in **raising awareness on sanitary risks and measures**. Artists and creators were involved in designing campaigns to provide creative input on how to better approach communication towards citizens. Artists around the world were asked to create content to raise awareness around racism in health care, the importance of social justice, frequent handwashing and

¹⁶⁷ <https://www.bbc.co.uk/bitesize/dailylessons>.

¹⁶⁸ Please see note 148.

¹⁶⁹ <https://www.local.gov.uk/festival-bridge-lets-create-art-packs-children-and-young-people>.

¹⁷⁰ <https://www.europeantheatre.eu/news/belarus-free-theatre-opens-up-its-digital-archive-from-the-past-15-years>.

mental health care, such as in the case of the campaigns ‘Artists against an #infodemic’ and ‘IMPAQTO’.¹⁷¹ In Montenegro, the independent sector and individual artists used cultural content to support health systems and campaigns, through individual messages, artistic creation and by collaborating with the national government. Artists also started initiatives to link the use of masks and its new meaning in COVID-19 times to evergreen ecological issues such as air pollution and climate change, as was the case in China.¹⁷² Artists and fashion designers also helped in making wearing a mask as a socially acceptable gesture and to introduce this new accessory in people’s daily lives, to stimulate in particular teenagers and young people towards responsible behaviour.¹⁷³

Cultural and creative organisations also actively **supported local frontline activity to tackle the virus**, so as to corroborate their crucial civic role. Many examples and stories show that skills, knowledge and social commitment of cultural and creative organisations were able to respond to difficult circumstances when the pandemic started to spread. Many grassroots cultural centres, for example, served local communities by collaborating with local services and municipalities in delivering food or coordinating logistics activities to face the crisis.¹⁷⁴

Individual and collective well-being

*“Music is not a cure for the disease, but it is maybe a cure for our hearts”.*¹⁷⁵ Numerous studies and countless research activities have already documented how CCS can play a central role to mitigate and reduce many of the negative impacts that the COVID-19 crisis has on the well-being of individuals and communities. CCS activities can have a positive impact on personal suffering¹⁷⁶, the fragmentation and break-up of social ties, pressure on freedoms¹⁷⁷, democratic spaces and systems in the analogue and digital world as well as the cooperation inside the EU and global solidarity¹⁷⁸. The COVID-19 crisis has shed more light on such important contributions of culture and its enjoyment, especially during difficult times such as the Great Lockdown period.

Recent research shows that the COVID-19 crisis and the related containment measures caused a spike in anxiety and depression. Symptoms of anxiety and depressive disorders in people of all ages have increased, but **arts and culture** have been a **powerful medicine** to combat psychological issues. Research and projects confirmed this trend, such as the ‘Covid Living’ project, which showed how 14-to-24-year olds experiencing mental issues in lockdown period have used the arts a way to relax.¹⁷⁹ A similar positive effect on mental health has been observed on the elderly, as witnessed by Naš most, an organisation in Bosnia and Herzegovina.¹⁸⁰

Reading has been a valid ally for children and young people. Research from the UK published in July reveals that children’s enjoyment of reading has increased during lockdown (from 48% to 56%) and

¹⁷¹ <http://artistsagainstaninfodemic.org/> and <https://www.paho.org/en/news/28-8-2020-latin-artists-come-together-provide-creative-input-pahos-campaigns-covid-19-pandemic>.

¹⁷² <https://www.globaltimes.cn/content/1182486.shtml>.

¹⁷³ <https://en.unesco.org/news/mask-art-creativity-under-lockdown-unesco-beirut-meadows-artists-against-covid-19>.

¹⁷⁴ An excellent collection of case studies and best practices is offered by Macfarland C., Agace M., Hayes C., *Creativity, Culture and Connection. Responses from arts and culture organisations in the COVID-19 crisis*, 2020.

¹⁷⁵ <https://news.un.org/en/story/2020/04/1061792>.

¹⁷⁶ The significance of CCS for social cohesion, well-being, mental health is discussed e.g., in the Eurobarometer (Eurobarometer 466) and Sacco et al. 2011. *The Interaction Between Culture, Health and Psychological Well-Being*.

¹⁷⁷ The dangers of shrinking spaces for the freedom of expression of artists and discussed in Freemuse. 2019. *The State of Artistic Freedom 2019. Whose narratives count?*

¹⁷⁸ *For the future: Make cultural relations count in a post-crisis global society*, EUNIC, June 2020

¹⁷⁹ <https://wellcome.org/reports/mental-health-listening-young-people-and-learning-covid-19>.

¹⁸⁰ <https://www.tandemforculture.org/stories/being-old-during-covid-19-is-less-scary-with-art/>.

that reading has helped them overcome difficult times.¹⁸¹ 60% of the children and young people surveyed said that, during lockdown, reading made them feel better and 50% revealed that reading helped them dream about the future.

Other initiatives were developed in the Great Lockdown period to **help old people combat social isolation and loneliness**. The Belgian 'Art Cares COVID' initiative is one example:¹⁸² The online platform sells contemporary art whose revenues are partly devoted to the artists and partly to deliver food, necessities and live culture and entertainment to the elderly (e.g. live shows in front of care homes).

The clear and evidence-based contribution of cultural and creative content to individual and collective well-being in COVID-19 times offers immense opportunities for the sector to systematically engage in partnerships with the health sector and for policy makers to promote the social role of CCS organisations and professionals in society.

3.3.4. Barriers to upscaling and consolidating

From the previous sections it is clear that the crisis created an unprecedented laboratory momentum for the CCS to imagine, develop and test alternatives for organising cultural and creative activities in different ways despite the major obstacles imposed by all the containment and lockdown measures. Furthermore, the crisis has made clear to everyone the immense power of culture and creativity in combating social marginalisation, building more cohesive communities and contributing to personal well-being.

In view of a deep transition towards crisis resistance and longer-term sustainability, it is key for the CCS to **evaluate and learn from these experiments**, refine or re-think them where needed, share the lessons learnt and **upscale those with potential to grow into new dominant sustainable practices** in the future. However, barriers – that are often related to the current dominant unsustainable practices and structures – can prevent the CCS from effectively making this transition towards upscaling and consolidating the valuable alternatives. External **barriers** can relate to (a lack of) **regulatory frameworks** (e.g., to ensure fair IP rights management and remuneration), difficult access to funding for innovation, lack of access to the right infrastructure(s) or lack of transparency about algorithms related to the use of distribution platforms. Another external barrier relates to the current **lack of prioritisation of policies that promote complementarities** between culture, health and well-being and that encourage mutual enrichment between public health and the CCS. It hampers the full contribution of culture and creativity to social cohesion and individual well-being.

Within the CCS, **capacity building and upskilling** are pressing needs for many CCWs and barriers for innovation and change. This results from the European CCS being populated by a considerably high number of SMEs and freelancers that often lack the resources to adequately re-imagine and re-design their business models. In addition, for those sub-sectors where the human interaction is still a predominant component, specific skills on how digital tools and other models of restructuring (e.g., re-imagining the use of open public space for arts and culture) can help to successfully implement more crisis resistant revenue models still need to be further developed. Moreover, there is also **scepticism about the potential of digitalisation** for longer-term sustainability. It relates to fear for a decrease in the perception of the value and meaning of the artistic work, doubts concerning audiences diversification and audiences' willingness to pay for online content and how this will influence future production and creation, if new strict containment measures will be adopted in the future. The

¹⁸¹ National Literacy Trust, [Research report](#), July 2020.

¹⁸² <https://www.artcarescovid.be/care-needs/>.

question is still open as to how digital solutions can facilitate artistic productions and, at the same time, enable engaged and socially diversified participation.

3.4. Accelerating transition towards long-term sustainability: roles and actions

“Never waste a good crisis”

As the COVID-19 crisis has brutally pushed the CCS into the transition arena, it is now of critical importance for the sectors to capitalise on this momentum; to further accelerate and upscale very valuable new practices and to step up actions to break up dominant unsustainable practices.

The long-term transition with the 2030 SDGs as a main compass to define the direction for further consolidation, represents a reference point for both the CCS and policy makers when reflecting on the roles and actions within the transformation process. Key questions include:

- How and with what (policy) ideas and instruments can the CCS move away from the structures that generate and reinforce inequality and vulnerability?
- What new policy directions can we propose to help CCS onto the transformative pathway? What ideas and policy alternatives can mobilise social forces to form political coalitions supportive of progressive change?
- How can policy makers and other stakeholders contribute to strengthening the CCS as an enabler of sustainable development?

The roles and actions to be defined will need to be twofold: while disempowering unsustainable cultures, structures, and practices that have a negative effect on the sector (and consequently on the transition process), they also will need to empower the development of alternatives.

3.4.1. Toolbox for transition

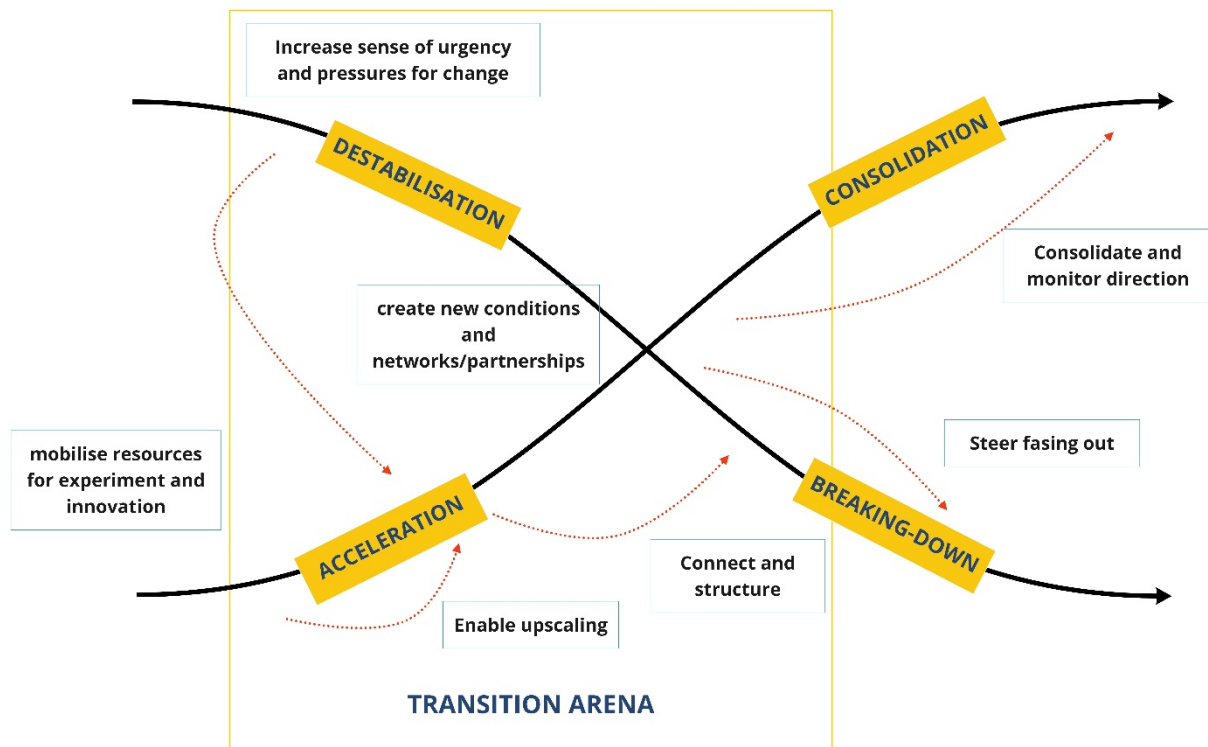
As applied in other studies related to the cultural and creative sector,¹⁸³ transition theory provides the right framework to think about possible interventions at policy and sectoral levels to support this transformation. Lodder et al. (2017) identify seven different types of support actions that can enable and spur transition, including:

- increasing the sense of urgency and pressures for change, to break down the dominant unsustainable structures and practices;
- mobilising resources for experiment, to enable innovators to imagine, design, test and develop alternatives;
- providing the conditions for upscaling of valuable alternatives;
- creating new conditions and new networks/partnerships, as a systemic change requires the bundling of other types of expertise, infrastructures, etc;

¹⁸³ [Rewiring the Network \(for the twenties\)](#) is a project that aims at setting the future agenda and strategy of IETM, the international network for contemporary performing arts, by reflecting on the development of a more sustainable future for the performing arts, and the role IETM can take in it.

- connecting (new) stakeholders and experiments, and supporting (new) structures for exchange, dialogue and/or joint action that enable the upscaling of fragmented initiatives;
- actively steering the phasing out of the unsustainable structures and practices; and
- consolidating and monitoring direction, by developing clear action plans, prioritise and monitor progress, evaluate and redirect if necessary.

Figure 24: Support for transition



Source: based on Lodder et al. (2017)¹⁸⁴

In each of the four quadrants of the x-curve, adequate tools, (policy) support and governance instruments can be identified to reinforce sustainability transitions:

¹⁸⁴ Lodder M., Roorda C., Loonbach D. and Spork C., *Staat van transitie: patronne van opbouw en afbraak in vijf domeinen*, DRIFT for transition, 2017

Table 5: Support toolbox for transition

Transform ('top down')	Envision and adapt
Legal and regulatory instruments	Societal dialogues and transition arenas
Market and pricing instruments	Future visioning and imaging
Industry policies	Scenarios, roadmaps
Agreements and accords	Reflexive monitoring
Institutional and organisational labelling	Social learning and evaluation
Innovation instruments	Phase out pathways
Subsidies and niche management	Divestment strategies
Network instruments	Training and retraining
Experimentation areas and urban labs	Financial support stranded assets
Impact investment funds	Prohibitions and penalties
Incubators and right to challenge	Removal and decommissioning
Build ('bottom up')	Phase out

Source: Loorbach and Oxenaar (2018)¹⁸⁵

It is clear that a sustainable transition will be the result of a **combination of individual, sectoral and policy actions and strategies** of actors pursuing specific goals and interests, creating the right conditions and support for the sectors to make the necessary changes.

In designing the path of the transition and in view of the formulation of clear policy recommendations (Chapter 4), in the next two sections we focus on the different roles and actions that both sector organisations and policy makers can take to advance. Considering the main goal of this study, special attention is paid to what European policy makers can do.

3.4.2. Role of sector organisations

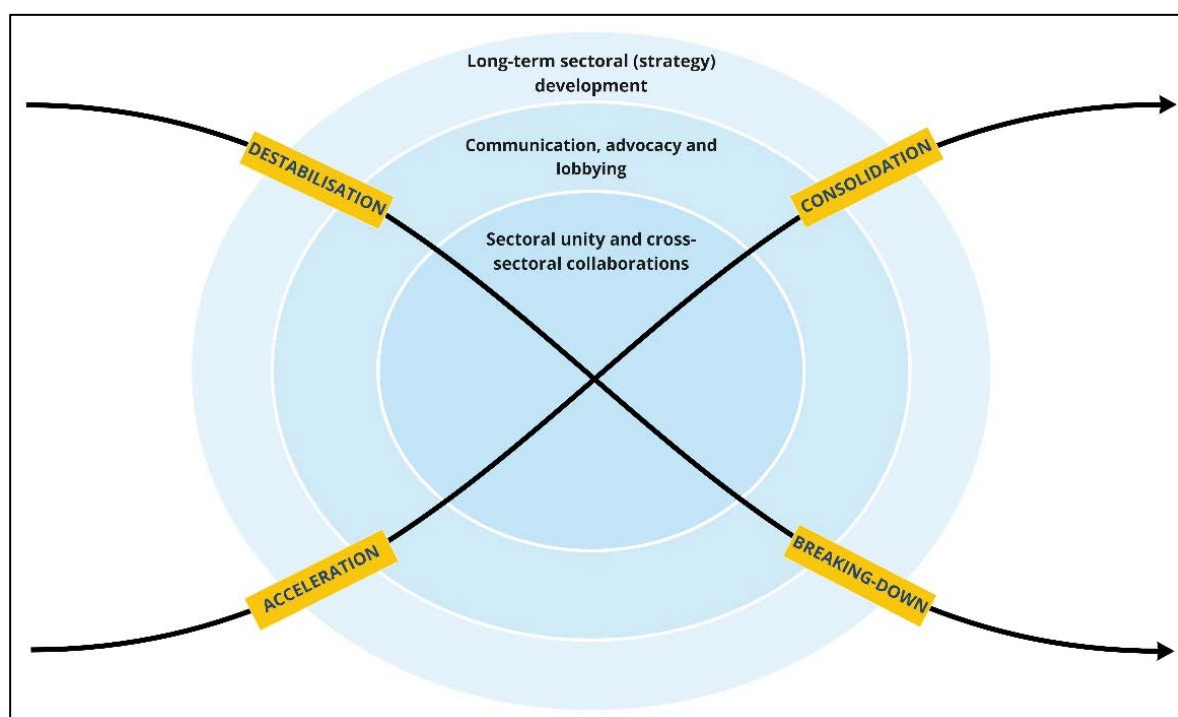
Looking at the seven types of support actions for transition that are highlighted in Figure 24, CCS sector organisations throughout Europe and at the European level play a crucial role at every level by:

- increasing pressures within the sector to break down unsustainable practices, through debate and the adoption of sector charters for self-regulation;
- increasing the sense of urgency for policy actions, through advocacy, participation in public debate and proactive exchange with policy makers;
- supporting and documenting experiments, acting as a megaphone for those potential alternatives by organising events and peer-learning within the sector and beyond;

¹⁸⁵ Loorbach, D. and Oxenaar, S., *Counting on Nature. Transitions to a natural capital positive economy by creating an enabling environment for Natural Capital Approaches*, DRIFT for transition, 2018.

- further fostering sectoral unity that was seen during the Great Lockdown;
- supporting the deepening and structuring of new cross-sectoral collaborations and partnerships; and
- periodically organising moments for ex-post and ex-ante strategic reflections and debate on the progress of transition.

Figure 25: Role of sector organisations in the transition process



Source: Figure developed by the study authors

3.4.3. Role of policy makers

The analysis of the measures taken by policy makers at European and national levels revealed an emergency nature. Policy makers deployed resources and efforts to compensate the loss of income, update legal frameworks and launch cost-reducing actions and, to a considerably lower extent, to support innovation and enhance the role of the CCS in building a more cohesive society (see Chapter 2).

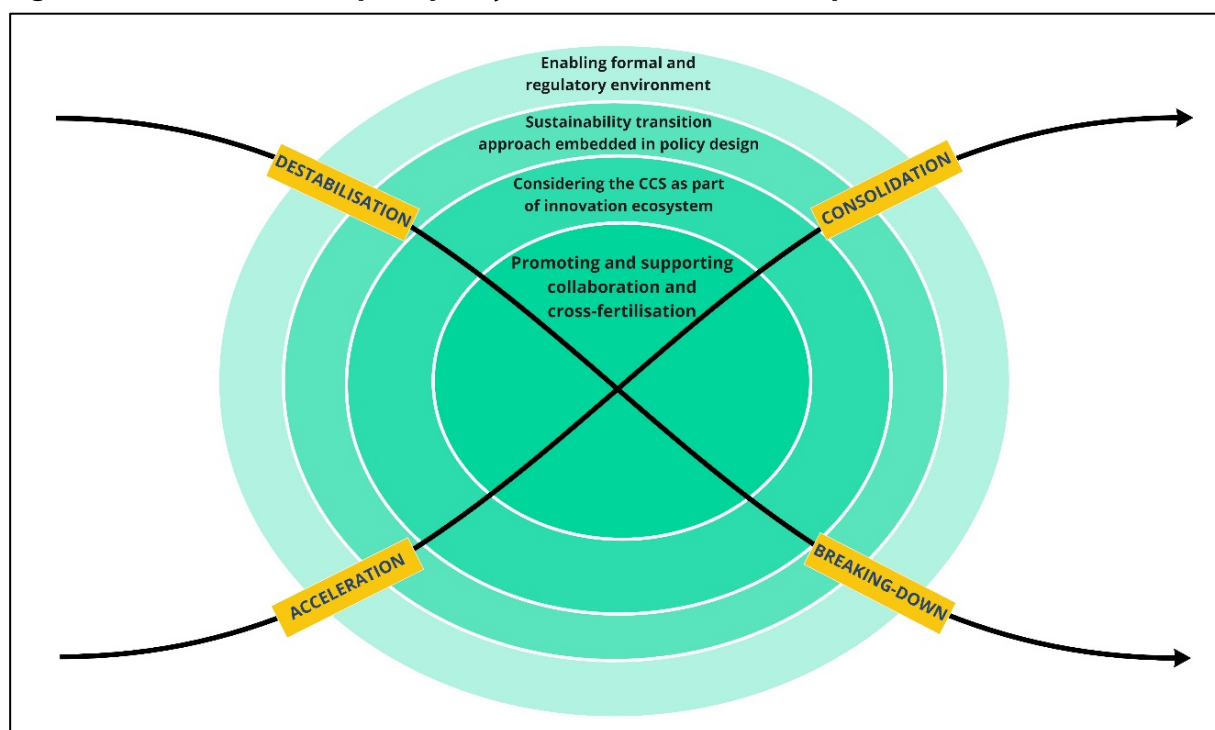
To fully support the CCS beyond the crisis, it is important that policy makers make use of a mix of instruments that support the transition along the seven domains of action as identified in Figure 24 and Table 5.

Specifically focusing on the European level, the **main role to be played by European policy makers in the sustainability transition process** is to strengthen the resilience of the CCS by:

- **creating an enabling formal and regulatory environment** for transition, by making the necessary changes to the social, institutional, and economic regulatory frameworks within which the CCS operate;

- **embedding the sustainability transition approach in policy design**, in support of the CCS as driver and enabler of sustainable development;
- **considering the CCS as an integral part of innovation ecosystems**¹⁸⁶ at all levels, while at the same time adopting a wide impact-oriented notion of innovation (technological, social, design, environmental) in policy design; and
- **promoting and actively supporting (international) collaboration and cross-fertilisation** at all levels (intra-sectoral and cross-sectoral) with relevant stakeholders.

Figure 26: Role of European policy makers in the transition process



Source: Figure developed by the study authors

Based on the analysis of the effects of the COVID-19 crisis on the CCS, the policy measures taken and the opportunities that the crisis has accelerated (see Chapters 1-3), we have translated these four main roles into **three Flagship Initiatives** for a long-lasting, COVID-19-proof and sustainable recovery of the CCS. The next chapter will present in detail the Flagships and the policy recommendations belonging to each Flagship.

¹⁸⁶ An innovation ecosystem is the evolving set of actors, activities, and artifacts, and the institutions and relations, including complementary and substitute relations, that are important for the innovative performance of an actor or a population of actors – from Granstrand O. and Holgersson M. (2020), *Innovation ecosystems: A conceptual review and a new definition*, Technovation, Volumes 90–91, February–March 2020.

4. POLICY RECOMMENDATIONS

KEY RECOMMENDATIONS

- Policy makers have an important role in accelerating the upscaling and consolidation of strong and more sustainable alternatives, while at the same time ensuring the phasing out of unsustainable structures and practices in the CCS.
- We recommend that policy makers take actions in three Flagship Initiatives:
 - Ensure sustainable CCS working conditions and invest in a fair work system with special focus on the most fragile parts. Focus on lasting measures far beyond emergency support and understand the need for the establishment of legal social rights for cultural workers;
 - React quickly and with determination on the digital boost due to the pandemic in 2020 and ensure appropriate (legal) frameworks for CCS earning as well as broad digital access – both based on the values of democratic systems; and
 - Invest in and make further use of the multidimensional potential of the CCS for societies and citizens in Europe, raise awareness for social innovation and the need for an updated means of international (cultural) cooperation, as the main challenges of the 21st century are global.
- In addition to the Flagship Initiatives, policy makers also need to address a number of transversal issues that directly influence the CCS' abilities to act as an integral contributor to the sustainable development in Europe. These issues include among others, ecological sustainability, skills development, access to R&D and innovation systems, and a re-establishment of the EU freedom of movement and common market.

(Cultural) policy reactions to support the CCS during the COVID-19 crisis were broad and engaged, although to a large extent not sufficient to compensate the tremendous losses in income (see Chapter 2). Moreover, the focus was primarily on emergency, rather than future looking reactions. To actively support the CCS beyond the crisis, we recommend policy makers on all governance levels to take responsibility and action now to enable the CCS to accelerate the necessary transition towards crisis resistance and longer-term sustainability (see Chapter 3). The indications on the different transition support roles in section 3.4 provide a solid framework upon which to build policy recommendations in that respect. Our recommendations have been further fuelled by the four focus group discussions and multiple interviews. As a result, we have clustered the priorities for policy action into **three main EU Cultural and Creative Sector Flagship Initiatives**:

- **Flagship 1: Ensure a fair work system for the CCS in Europe**
- **Flagship 2: Establish a European digital framework that fits the CCS' DNA**
- **Flagship 3: Support CCS as an integral part of innovative and cohesive societies**

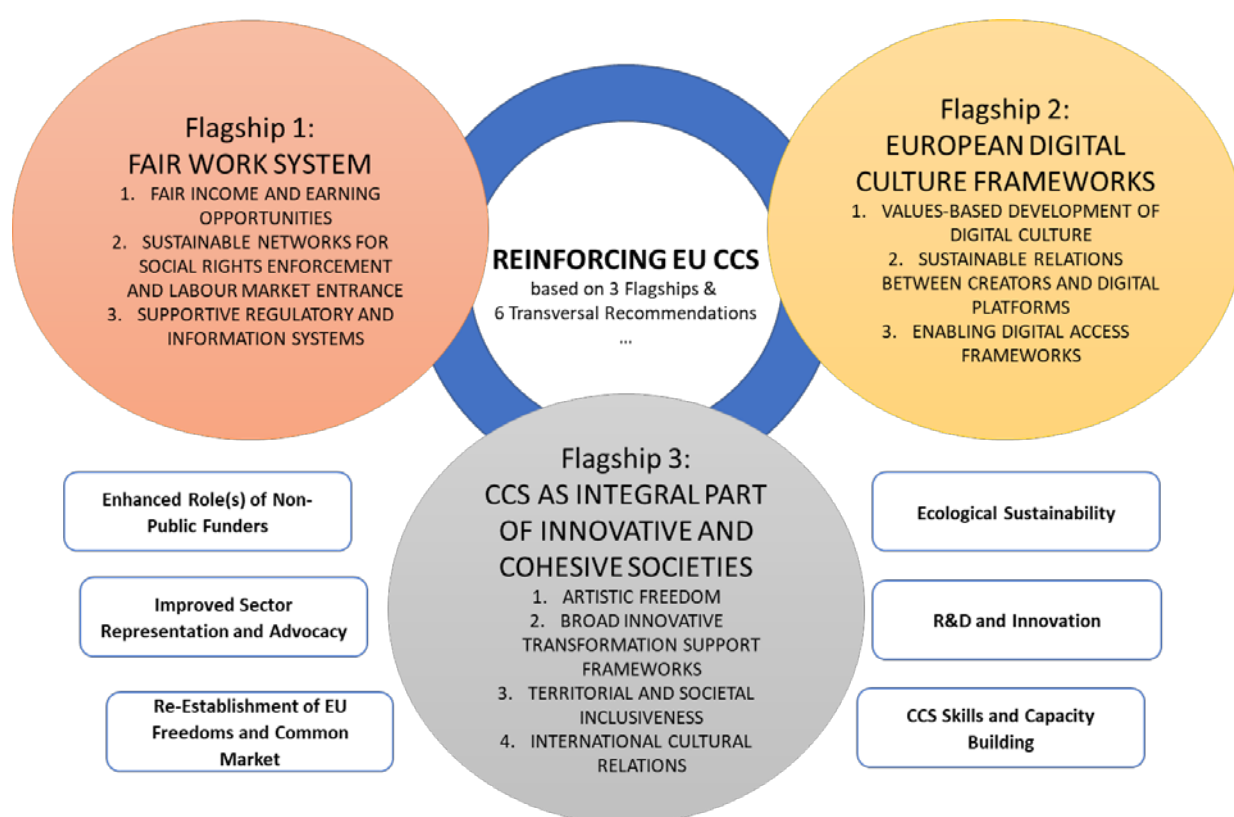
These three Flagship Initiatives aim at strengthening the CCS in the medium and long term and support them in the transitional process towards achieving the required sustainability to persevere and flourish in the challenging times ahead.

In the following three sections, we detail the recommendations belonging to each of the Flagships. In a final section, we discuss a wider range of **policy recommendations that relate to more transversal issues** including:

- ecological sustainability;
- R&D and innovation;
- CCS skills and capacity building;
- improved sector representation and advocacy;
- enhanced role(s) of non-public funders; and
- re-establishment of EU Freedom of movement and common market.

Together with the three Flagship Initiatives, these transversal issues also require policy action in order to grow out of the crisis and make the necessary transition.

Figure 27: Policy support beyond the COVID-19 crisis: 3 Flagships & 6 transversal fields for action



Source: Figure developed by the study authors

4.1. Flagship 1 – Ensure a fair work system for the CCS in Europe

The COVID-19 crisis has exacerbated existing differences in the CCS and exposed the precarious position of many workers. While the cultural institutions could be more easily addressed with support programmes and emergency payments and the employed parts of the CCS were often able to benefit from short-time work allowances or in the worst case from unemployment support during the COVID-19 pandemic, the artists and freelancers depended still in autumn 2020 on special support. This support was, in many cases, with limited reference to their previous income and no related legal rights. The conditions within the CCS labour market are such that the independents and other non-standard workers are in a weak bargaining position as the labour market is very fragmented and working options are scarce. Working conditions are also often difficult because project-based working, non-remunerated research and development as well as limited access to lifelong learning still prevail. These facts require rapid and bold action of the decision makers to ensure the phasing out of unsustainable structures and practices in the CCS working environment, replaced by a fairer working system.

4.1.1. Guiding principles for policy action

Based on the results of the screening of policy measures (Chapter 2) as well as the related conclusions elaborated in focus groups with policy makers, experts and researchers, the following main principles should guide policy action:

- The CCS institutions and markets will be considerably affected by the COVID-19 crisis. Major transformations can be expected in many CCS ecosystems including for example the audio-visual sector with the very difficult situation for cinemas. Furthermore, it remains unclear which parts of the CCS will benefit from the different recovery support programmes. While larger cultural institutions or the innovative parts of the creative industries might be less exposed to existential threats, the most fragile parts of the CCS are in considerable danger, threatening economic survival. The **European approach of a social market economy** must be a guiding principle that implies full **solidarity with the endangered parts of the CCS ecosystem**. This approach will also ensure fully functioning CCS ecosystems in the EU – this is most needed to grow out of the crisis and be(come) the envisaged enabler of sustainable development in Europe and the global context (see section 3.2.2).
- Social protection systems in the EU have different scopes and levels of labour market coverage. This specifically relates to the setting for artists and freelancers including the different statutes of artists in Member States. In its plans for 2021-2027, the EU foresees to address these social issues. This provides an opportunity to **overcome the persisting social divide**. The EU should dedicate considerable effort to better understand the most appropriate systems for the social protection of all participants in the CCS systems. Enforceable social rights should be the objective for related negotiations – this applies to social protection, income levels, as well as framework conditions like equal access to training and lifelong learning.
- **Decent earning for all workers** is another crucial element in the CCS system. Before the 2020 crisis, many employees or contractors in the CCS faced extremely low-income levels – and this despite a high rate of university education in many CCS. Increases in income can be generated in many ways, from augmentation of wages and contractual fees, to tax reductions (VAT, income) or favourable schemes for social security. Many cost-reduction measures to benefit the CCS were tested in 2020 which should be – after positive evaluation – further applied. The same is valid for inflation compensation. Due to the strong involvement of the **public sector on all governance levels as an employer** and contracting party for the CCS, an approach to **lead**

positive transformation by example would be most needed. Furthermore, (EU) funding programme conditions should be designed in such a way to allow access to (public) funding for all actors in the CCS, including individual artists and freelancers.

- Social cohesion and economic development are interlinked. The innovative CCS are most needed for the sustainable relaunch and further development of the European economies following this crisis. The European tourism industry is only one of the economic sectors largely dependent on the CCS. **Investing in a socially stabilised CCS ecosystem will strengthen larger parts of the EU economy and allow to better deploy the considerable innovation forces of the CCS.**

4.1.2. Pillars of a European fair working system for the CCS

To establish a fair CCS system, especially for independents and other non-standard workers, we need the following pillars of a fair ecosystem:

1. FAIR INCOME AND EARNING OPPORTUNITIES

A fair income from decent fees and rates is of utmost importance for the sector and especially for the working life of artists and other creative workers to become more resilient and sustainable in the light of future developments, including other crises. Only by guaranteeing fair income and earning opportunities, can the CCS be empowered to fully deploy their innovation potential for EU societies and economies. Fair access to funding is another important pillar for fair income and earning opportunities. The implementation and management of EU funding programmes should be based on these fair principles.

2. STRONG NETWORKS FOR RIGHTS ENFORCEMENT AND LABOUR MARKET ENTRANCE

Working arrangements in the CCS for standard and non-standard workers must be improved providing full social security and decent income levels. These settings must be accessible for all in the CCS at different stages of their careers. It should no longer be self-evident that working with independents and other non-standard workers offers financial advantages to employers or others who commission works of art and creativity. To date large parts of the CCS dispose of weak bargaining positions on the labour and tender market. Networking and collective actions are the way forward to ensure an equal and level playing field. This will also allow for further participative policy making actions.

3. SUPPORTIVE REGULATORY AND INFORMATION SYSTEMS

The level of transparency and administrative burden related to contractual settings, taxation and social security systems, copyrights and administrative frameworks considerably influences the working conditions and income perspectives of the CCS. The current systems fail on many levels leaving a considerable number of CCS professionals behind. Related competences lay, to a large extent, in the hands of the EU Member States. Nevertheless, the EU level must play a crucial enabling role related to those directives and rules in their competences. Furthermore, the future development of management practices of excellence for EU programmes like Creative Europe have the potential to further disseminate new and better approaches. In general, bureaucratic requirements should be limited to the strictest minimum.

4.1.3. Recommendations for main policy support actions

To realise the first Flagship Initiative, we recommend that policy makers in the European Union take up the following main actions:

Recommendations

Pillar 1 - FAIR INCOME AND EARNING OPPORTUNITIES

- Provide easy-to-implement relaunch measures that provide income generation for work, such as commissions of visual and performing arts, artists in (home) residency programmes, among others. Provide match funding for other non-governmental funding programmes for work, such as crowdfunding or funding by private NGO's. Ensure that the funding conditions are based on the needs and capacities of the respective CCS target groups and that all CCS actors have equal access to funding. These rules should be also fully applied to the upcoming generation of EU funding programmes 2021-2027.
- Establish minimum fees and rates for fair payment of all workers, CCS experts and researchers in all EU funded programmes, valorise these fees annually and ensure that subcontracting in EU funded projects respects these rules. The EU should lead by example in establishing fair and decent rates.
- Evaluate emergency support (generic or culture specific) measures for the CCS on income generation that include opportunities for (independent) workers to learn from the COVID-19 crisis. Such evaluations will help Member States and the EU to be better prepared for a next crisis. The European Parliament could commission a related follow-up study and Member States could launch evaluation activities.

Pillar 2 - SUSTAINABLE NETWORKS FOR RIGHTS ENFORCEMENT AND LABOUR MARKET ENTRANCE

- Independent and non-standard workers in the CCS are underrepresented when it comes to negotiating fair pay, working conditions, labour relations, social rights and streamlined taxation rules. Strengthen their representation through unions and networks of independents and other non-standard workers at European level. Acknowledge the right of association for all workers in the CCS, regardless of their working status, to improve their bargaining position.
- Introduce fair pay as a principle for (working) contracts within the CCS. Connect the Fair Pay principles and Fair Pay movements of different Member States and develop sound EU-wide rules for payments that establish a level playing field for standard and non-standard workers in the CCS relating to remuneration by governments, funds, art commissions and cultural institutions. The European Parliament could provide platforms for networking of the Fair Pay movements and further the EU-wide representativeness of non-standard-workers. The Creative Europe programme could be a funding source for the financing of emerging EU-wide fair pay networks.
- Avoid the loss of a new generation of graduating artists and other workers in the CCS. Understand their needs for entering the CCS labour market and support them. Pay attention to the difficulties related to gender-equality and diversity that many encounter when trying to start a career in the CCS. The European CCS networks should be encouraged to further address this issue. The social cohesion topic included in the EU Work Plan for Culture could be enlarged to cover this area – especially on the topic of the job creation potential of the CCS.

Pillar 3 - SUPPORTIVE REGULATORY AND INFORMATION SYSTEMS

- Develop more understanding of all the different contractual frameworks for artists, creatives and other workers in the CCS and propose a framework for fair practice that does not lead to precarious employment and income and ensures an equal and level playing field in comparison to standard workers. As a first step, a good practice collection on fair and sustainable practices could be financed in the framework of the EU Work Plan for Culture or a study commissioned by the European Parliament.
- Extend collective bargaining rights to independent and other non-standard workers in the CCS, based on their fundamental right to associate. Collective bargaining should be understood as a basic pillar to generate decent income for the CCS. A networked approach of collective management societies and CCS unions is crucial to reach critical mass, which implies bargaining power. Special attention should be paid to sustainable cooperation including fair earning but also democratic principles of bottom-up approaches, for example by creative hubs.
- Non-standard workers and their labour relationships are often excluded from the scope of EU work laws and directives. Set up guidelines for an inclusive treatment of non-standard workers in the CCS in existing and future EU working law and social pillars and related directives. This subject could be implemented by means of a cooperation of the Committees of Culture and Social Affairs in the European Parliament.
- Establish a fair framework for social rights and access to social security for CCWs in all cases of non-standard work, alleviating the precarity of the situation of independents within the CCS. Take into account the shifting and hybrid status of workers (for example combining employee and independent status). Investigate models of a public business interruption insurance. A new model of an EU-wide business interruption compensation approach for the CCS entrepreneurs and independents could be further investigated by the means of a study commissioned by the European Parliament. A cooperation between the EU insurance sector and CCS would be an innovative step forward.
- Develop a taxation framework for artists and independents in the CCS that:
 - reduces bureaucracy, for example, in cross-border working,
 - introduces flat-rate professional expenses deductions,
 - enables the spreading of income to several tax years to balance irregular income and expenditures over multiple years, and
 - applies reduced VAT-rates and exemptions for art.

Good practice collections elaborated on EU level could support Member States to advance in this area of working conditions.

- Treat copyright and IP as a central precondition to ensure income of creators and negotiate an equal and level playing field with digital distribution platforms. An obligation of these platforms to reinvest (parts of) their benefits could be one of several measures to be negotiated. These recommendations refer also to Flagship 2.
- Modernise cultural administration on the basis of minimum required bureaucracy, flat rate funding, high-quality information and helpdesks to ensure access to finance and to

information for all stakeholders in the CCS. The Creative Europe Desks could be further developed according to highest-quality standards of information and help desk support, and based on substantially simplified application procedures for the Creative Europe Programme.

A wide range of EU policy initiatives, programmes and studies is relevant to implement the recommendations provided. Some **priority actions** are listed in the box below.

- Work Plan for Culture – Status of the Artist¹⁸⁷
- The status and working conditions of artists and cultural and creative professionals, EENCA-study 2020¹⁸⁸
- IP/B/CULT/ST/2005-89 The Status of Artists in Europe¹⁸⁹
- Creative Europe 2021-2027 – Conditions to access to funding for all types of cultural stakeholders¹⁹⁰
- Erasmus 2021-2027 – Training priorities and access to funding for all types of cultural stakeholders¹⁹¹
- COM(2020) 682 Final: Proposal for a Directive of the European Parliament and of the Council on adequate minimum wages in the European Union¹⁹²
- IPOL_IDA(2020) The Scope of EU Labour Law¹⁹³
- Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed 2019/C 387/01¹⁹⁴
- Making the most of EU's Innovative Potential, An Intellectual Property Action plan to support the EU's Recovery and Resilience¹⁹⁵

All CCS stakeholders are, in one way or another, involved in making the EU working system fairer. Some **main stakeholders** at EU level that can be important partners for the EU institutions to build up a fair ecosystem for the CCS include:

- (EU) Programmes 2021-2027 negotiators at all levels
- Cultural Ministries in EU Member States
- Social Affairs and Finance Ministries in EU Member States
- National Fair Pay Movements
- Collecting societies and Unions

¹⁸⁷ <https://data.consilium.europa.eu/doc/document/ST-13948-2018-INIT/en/pdf>

¹⁸⁸ <http://www.eenca.com/eenca/assets/File/EENCA%20publications/Study%20on%20the%20status%20and%20working%20conditions%20of%20artists%20and%20creative%20professionals%20-%20Final%20report.pdf>

¹⁸⁹ https://www.andea.fr/doc_root/ressources/enquetes-et-rapports/51b5afb01bb8d_The_status_of_artists_in_EU.pdf

¹⁹⁰ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2018:0366:FIN>

¹⁹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2018%3A367%3AFIN>

¹⁹² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020PC0682&from=EN>

¹⁹³ [https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/658181/IPOL_IDA\(2020\)658181_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/658181/IPOL_IDA(2020)658181_EN.pdf)

¹⁹⁴ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2019.387.01.0001.01.ENG&toc=OJ:C:2019:387:TOC

¹⁹⁵ <https://ec.europa.eu/docsroom/documents/43845>

- Creative Hubs and their networks

4.2. Flagship 2 - Establish a European digital framework that fits the CCS' DNA

Digital technologies are reshaping global and EU societies and economies fundamentally at high speeds – and now also accelerate major cultural transformations as seen during the COVID-19 crisis. Digital spaces became the main area for numerous CCS actors to perform, to interact with the audience and to tentatively earn during the crisis. While it is expected that a – much needed – analogue rebound will occur once the containment rules will no longer be in place, it can also be assumed that a wide range of digital applications and attitudes will remain anchored on production and user's side. These facts require urgently addressing the persisting challenges of establishing strong EU digital frameworks for culture in order to understand the related opportunities and momentum. The CCS need to be considerably strengthened and supported in developing their practices in the digital world.

4.2.1. Guiding principles for policy action

Based on the screening of policy measures (Chapter 2) and the related conclusions elaborated in focus groups with policy makers, experts and researchers, as well as follow-up interviews, the following main principles should guide policy action:

- The digital transformation will imply a radical change of life and work of all people. **The European way of digitalisation** should considerably differ from models used in other parts of the world and be strongly anchored in democracy, humanism, cooperation and solidarity. The 2020 crisis has rapidly demonstrated how fragile many digital systems currently are and that the digital spaces inside the European Union are still fragmented. Related debates should take place in the digital and the analogue spaces. Furthermore, critical reflection by CCS actors on (the threats of) digitalisation related to digitalisation and democracy, cyber security and surveillance are most crucially needed in view of the experiences in 2020 – and the time to act is now.
- **The digital divide** is much larger than assumed prior to the crisis and **must be overcome**. This applies to the different territories of the EU, between citizens in the same territory affecting access to culture as well as between stronger and weaker cultural organisations and is related to digital competences and implementation power as well as representation (diversity¹⁹⁶). The EU digital policy should build on healthy digital economy systems, ensuring an equal and level playing field for all of the actors in the system. An ecosystem approach is crucial and the successful parts of the digital systems must be regulated to ensure fairness towards the CCS (e.g. the GAFA).
- The digital economy and activities must be **rules-based**. The EU has already engaged in regulations for the digital space which make it a global frontrunner. These initiatives must be continued inter alia with regard to the recent EU Copyright Directive¹⁹⁷ and highest priority for the related full implementation in all EU Member States must be ensured. The current

¹⁹⁶ Diversity also refers to the UNESCO convention on cultural diversity of which the EU is one of the signatories. Interviewees stress the fact, that this implies a legal obligation of the EU to engage also for cultural diversity in the digital space.

¹⁹⁷ Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC

enforcement mechanisms do not allow for a decent earning for creators – a lesson that became cruelly visible during the 2020 pandemic and when analysing the related precarious economic situation of many artists and cultural operators. Furthermore, it is expected that the massive shift to digital solutions due to the COVID-19 crisis will also increase the risk of IP infringement – another legal topic deserving attention.

- **Digital accessibility** is crucial in all its dimensions. The EU should ensure a diverse and inclusive digital space. These include cultural digital production, international cooperation, innovation (which also implies the regulated use of data), participation of all actors in the Cultural and Creative Systems and the citizens' access to digital culture. The related educational and lifelong learning dimensions require full consideration and addressing of shortcomings related to digital (media) literacy and digital (cultural) education. The latter of which became very visible during the Great Lockdown in 2020.
- **The digital transformation and the climate crisis are interlinked.** Therefore, it must be understood that the digital systems have ecological implications as they are based to a larger extent on streaming and thus are associated with high energy consumption. Related debates are only emerging in the CCS. The transfer of face-to-face meetings to the digital space is not always the more ecological alternative and can generate considerable damage to social cohesion and deeper international collaboration. Furthermore, the public digital (culture) space is an area of considerable debate on climate issues – an area to be kept in mind.

4.2.2. Pillars of a European digital framework that fits the CCS

A systemic approach is required to further construct a European digital framework for the CCS based on democratic values and on a fair system. Such a digital ecosystem should at least comprise the following elements:

1. VALUES-BASED DEVELOPMENT OF DIGITAL CULTURE

The digital transformation must be based on values and high-quality content. The broad debate of a wide range of related societal, cultural, educational, economic and political questions is a precondition for a successful transformation. It is a process of change of culture, which needs to be steered. The related activities need to be carefully addressed by the stakeholders and the decision makers. Furthermore, digital content availability has to be brought to a next (higher) level in the EU – this refers to types, qualities and quantities of content.

2. SUSTAINABLE RELATIONS BETWEEN CREATORS AND DIGITAL PLATFORMS

The dependency on extra-EU digital social and market (culture) platforms should be considerably reduced and alternative EU digital culture platforms should be strengthened. These should be based on digital humanity principles including digital rights and fair payment frameworks. By these means such platforms could become global reference practices. Strengthening EU digital culture platforms requires a structured networking of existing initiatives, a broad will and engagement for cooperation of many key stakeholders as well as the mobilisation of considerable recovery funds with rapid dissemination throughout the EU.

Earning opportunities and challenges in the digital context need to be further addressed. Decent earning in the digital context depends on contracts and rules as well as on the targeted markets and the investment in digital innovation. Collective bargaining constitutes a related central cornerstone. Young European digital innovators also require special attention.

Rights and its enforcement – especially with regard to the EU Copyright Directive – are another crucial element for a better functioning digital culture ecosystem. Training and further individual support for

the wide range of CCS actors are required for a better understanding of the (improved) rights and enforcement options.

3. ENABLING DIGITAL ACCESS FRAMEWORKS

Audiences in the digital space differ from those participating in analogue cultural activities. Research and experiments are required to analyse the specific features of (new) digital audiences, including how to address and bind them. Parts of the analogue audiences reached so far might be difficult to reach digitally (e.g., because of skills, equipment or other access barriers). A crucial question to be answered is how to convince them to participate in and pay for digital cultural offers?

Appropriate digital infrastructures and access opportunities are another important condition for fully functioning digital cultural ecosystems. This refers to a wide range of measures comprising investments in different kinds of digital facilities – also in remote and rural areas and related competence building and learning.

4.2.3. Recommendations for main policy support actions

To realise the second Flagship, we recommend that policy makers in the European Union take up the following main actions:

Recommendations

Pillar 1 - VALUES-BASED DEVELOPMENT OF DIGITAL CULTURE

- Reinforce the debate on digital democracy and digital humanity in the EU and encourage further mainstreaming of this debate to national and regional parliaments and citizens. A vision on European culture and artistic creation in the digital age based on openness and quality should be the targeted outcome. As a starting point a hearing in the European Parliament could further energize these debates.
- Ensure the availability of high-quality digitised, genuine digital content and digitisable culture and creative/artistic production in the EU. Massive associated investments are required. This refers also to the availability of digital infrastructures in the EU. Digital Europe and EU Cohesion programmes should ensure substantial means for digital culture and digital culture infrastructures.
- Investigate the feasibility and implementation conditions for a potential European digital culture label. Based on the feedback of interviewees addressed in the context of this study, such a label could inter alia make the difference for citizens, users as well as on EU and international markets. It could build on digital quality features like the EU GDPR or the transparency of algorithms used. Trust building is a fundamental feature including a trustworthy partner for the EU educational sectors. Furthermore, such a label could have the potential to create an EU digital culture brand and strengthen visibility for a critical and quality-oriented use of digital creative content in the EU. As a first step, a feasibility study commissioned by the European Parliament could serve as a foundation for potential follow-up steps.

Pillar 2 - SUSTAINABLE RELATIONS BETWEEN CREATORS AND DIGITAL PLATFORMS

- Set further measures to reduce the current dependency of producers and users on dominant (non-EU) digital cultural platforms' practices. These measures comprise inter alia regulatory

measures on payments for artists and the development of related principles, such as rules-based activities and democratic digital accessibility. Measures to favour platforms that can provide proof of ethical use of algorithms should be further explored to reduce the current dependency on digital platforms that apply unsustainable remuneration models. Also, investments in the development of a more sustainable European (culture) platforms ecosystem and economy are needed. However, cooperation among the key representative CCS organisations is a crucial feature to ensure common understanding and implementation of principles and to achieve critical mass for the different CCS. Due to the potentially high investments needed, the EU recovery funds seem to be most appropriate for financing further action based on a structured debate with the key players in the EU organised by the European institutions.

- Focus further investments in digital innovation including AI and machine learning in the CCS. The existing infrastructures must be strengthened and the decentralised approach of infrastructures as well as cooperation must be reinforced. Ensure the related use of the EU recovery, cohesion and research programmes in that respect.
- Invest in the EU young generation of digital innovators. Digital innovation depends largely on talent. The current competitive framework especially towards the US motivates digital innovators and graduates to rather leave the EU to pursue their professional career on other continents. This comprehensive task for policy makers and stakeholders requires, among others, a reflection on payment levels and workers' rights (see Flagship 1). The European institutions could further animate this debate.
- Understand that collective bargaining is a fundamental pillar to generate decent income for the CCS through digital marketplaces. A networked approach of collective management societies and CCS unions is crucial to reach critical mass and increase bargaining power. The support of related networking and cooperation activities from different CCS organisations concerned is an important action on EU level. Special attention should be paid to sustainable cooperation including fair earning but also democratic principles. An obligation of these platforms to reinvest (parts of) their benefits could be one of several measures to be negotiated. Nota bene that this recommendation is also related to the Flagships 1 and 3.
- Provide highest priority to the EU Copyright Directive and speed up as much as possible the process for its implementation in all EU Member States. As the directive includes many improvements for creators, which are not yet sufficiently known by them, a massive information campaign is needed. This campaign could build on the ongoing EU Open for Business Campaign in partnership with CCS networks and intermediaries.
- Investigate the development of digital and hybrid (online and live) business models. All actors and sectors (except the digital native actors) are struggling and experimenting to find business models that work. Set up a monitoring system that collects (lessons learnt from) working digital business models and distributes the results on an ongoing basis.
- Further upgrade the EU IP Helpdesk and the European Union Intellectual Property Office (UIPO) Ideas Powered Project with services for the CCS including freelancers covering the specific needs of these sectors. Furthermore, the Enterprise Europe Network (EEN) could also provide related services for the CCS, as their EEN Ambassador Scheme allows for face-to-face coaching. In addition, the EUIPO free of charge problem solving service could also play a role for legal enforcement support for the freelance part of the CCS – if competition rules allow.

- Further elaborate frameworks to ensure the European cultural diversity on digital platforms (see e.g., the Digital Service Act and the discussions related to transparency of algorithms of streaming services)

Pillar 3 - ENABLING DIGITAL ACCESS FRAMEWORKS

- Ensure that CCS stakeholders and actors have access to training, coaching and financial support to further extend digital literacy. This includes, among others, competences for accessing (new) EU and international digital markets and a better understanding of the overall impact of the digital world. Furthermore, digital audiences should be also better skilled for (creative) use of, and participation to, digital (cultural) environments. An EU-wide awareness raising initiative and exchanges of good practice can contribute to an increase in related projects and a wider use of EU cultural content platforms. Related financial frameworks offered e.g., by the EU Erasmus programme could be most meaningful.
- Ensure internet and digital accessibility and discoverability for the cultural institutions in the EU, including for those based in rural and remote areas. The EU Cohesion, Agriculture and Rural Development Programmes as well as the Digital Europe Programme should provide related (co-)financing.
- Establish financing support for creative and digital hubs in Europe to provide high-quality digital facilities (e.g. studios) for all kinds of CCS actors including freelancers. Promote the use of these structures for piloting, testing and demonstrator activities. Investments should also include competence centres for digitalisation and facilities for digital education. The EU Cohesion and Recovery Programmes are best placed to address these investment requirements complemented by the EU education and research programmes.

A wide range of EU policy initiatives and programmes is relevant to implement the recommendations provided. Some **priority actions** are highlighted in the box:

- EU General Data Protection Regulation (GDPR) ¹⁹⁸
- The Directive on Copyright in the Digital Single Market - Directive (EU) 2019/790 ¹⁹⁹.
- The revision of the Audiovisual Media Services Directive - Directive (EU) 2018/1808 ²⁰⁰.
- The Broadcasting Directive - Directive (EU) 2019/789 ²⁰¹
- The Orphan Works Directive 2012/28/EU ²⁰²
- The Digital Service Act ²⁰³
- Digital Education Action Plan (2021 – 2027) ²⁰⁴
- Collective management of copyright and related rights (CRM Directive) 2014/26/EU ²⁰⁵
- European Commission Priority: A Europe fit for the digital age and Digital Europe ²⁰⁶
- Europe's Media in the Digital Decade: An Action Plan to Support Recovery and Transformation ²⁰⁷
- EU Recovery and Resilience Facility (RRF) ²⁰⁸ and related Member States' recovery and resilience plans
- EU funding programmes 2021-2027 (beyond Creative Europe, focus should be given to the Cohesion and Rural Policies, InvestEU, Horizon Europe, Erasmus, Digital Europe Programme, etc.)

The following **main stakeholders** can be important partners for the EU institutions to build up a sustainable digital cultural ecosystem:

- Collecting societies, unions and their networks
- Europeana
- Research centres and experimentation labs like Ars Electronica, Barcelona Sonar Festival, The Waag Society Amsterdam, Time Machine Organisation
- Digital (platform) entrepreneurs
- Creators associations like European Writers Council, European Federation of Journalists, European Composers Association, etc.

¹⁹⁸ <https://eur-lex.europa.eu/eli/reg/2016/679/oj>

¹⁹⁹ <https://eur-lex.europa.eu/eli/dir/2019/790/oj>

²⁰⁰ <https://eur-lex.europa.eu/eli/dir/2018/1808/oj>

²⁰¹ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.130.01.0082.01.ENG&toc=OJ:L:2019:130:TOC

²⁰² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32012L0028>

²⁰³ <https://ec.europa.eu/digital-single-market/en/digital-services-act-package>

²⁰⁴ https://ec.europa.eu/education/education-in-the-eu/digital-education-action-plan_en

²⁰⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0026&qid=1485189549341>

²⁰⁶ https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age_en

²⁰⁷ <https://ec.europa.eu/digital-single-market/en/news/europes-media-digital-decade-action-plan-support-recovery-and-transformation>

²⁰⁸ https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

- Cultural networks like European Music Councils and their national sections, Culture Action Europe, The European Heritage Alliance, Europa Nostra, European Creative Business Network, European Broadcasting Union, etc.
- European Creative Hubs and their networks
- EU IP Helpdesk and EUIPO

4.3. Flagship 3 - Support CCS as an integral part of innovative and cohesive societies

The COVID-19 crisis has reminded us of the importance of arts, culture and creativity – for the well-being of individuals as well as of communities and societies. The CCS have shown exceptional inventiveness during the crisis in providing access to arts, culture and creativity for the well-being of citizens and communities at large, despite the difficult working situation at times. Beyond the crisis, innovative and participative CCS can greatly contribute to the reflective process of (re-)formulating our collective ambitions and of how we (want to) grow out of this crisis, as well as in the (re-)design and development of (systemically) more sustainable structures and practices for working, organising social interaction, educating, consuming, travelling, etc. These considerations require a bold response of EU policy makers to ensure that the CCS can contribute fully to the further development of crisis resistant and sustainable European societies within existing and new frameworks.

4.3.1. Guiding principles for policy action

On the basis of the policy measures screened (Chapter 2) and the relevant conclusions developed in the focus group discussions and interviews, the following main principles should guide policy action:

- The social fabric of the European societies was considerably impacted by the 2020 crisis. Fundamental restrictions on life and work are new experiences for a majority of Europeans. Already in spring 2020, the CCS have impressively demonstrated their role in supporting the cohesion of societies and for the (mental) health of people. This was a global phenomenon. No-one would like to imagine quarantine without having access to music, films or books, including all the engagement actions of the cultural sector in 2020 in the public spaces and in a wide range of cultural institutions to allow for safe gatherings and socialising. Cultural and creative activities and products are part of being human. CCS have the ability to significantly contribute to re-establishing a resilient social fabric and add independent perspectives for tackling the grand societal challenges that the EU faces. There is a long-lasting trend to increase downward pressures on public funding for arts and culture – especially in times of crisis and to reduce cultural and creative education. The lack of cultural and artistic offers for a wide range of audiences (e.g. like elderly in care, residents with multicultural backgrounds, among others) must be countered with a strong commitment to reverse these downward trends. Europe (and the world) cannot afford to not **use the social and societal power of the CCS**.
- Artists and creatives contribute to reflective and critical thinking, (re-)imagining and (re-)designing. They offer alternative, transdisciplinary perspectives, question standpoints and contribute to shaping new, context-sensitive discourses – beyond the sector itself, be it on health and well-being, digitalisation, climate change or migration. **Cross-sectoral innovation and cooperation with the CCS is a fundamental part of the recovery** of the EU economies and societies and should be integrated in cohesion and international policies. However, the

persisting innovation discourse still focuses too much on science, technology and economic growth; it misses out in many cases on the importance of social innovation and aesthetic values. **A broader notion of innovation is required in innovation policy.** In order to allow the CCS to fully participate as innovation partners, they need to have access to safe cultural spaces of open debate and experimentation, where they can **play, experiment, try and fail in a context similar to academic freedom**²⁰⁹. Here, UNESCO specifically refers to artistic freedom.²¹⁰

- The considerable added value of cooperation in the EU and globally is still far from being a core guiding principle for policy and decision makers. The COVID-19 crisis has brought to the fore many disruptions in international cooperation. We have witnessed how the EU Member States and donors mostly turned inward during the crisis. This happened in a context where cultural rights and access to support for the cultural sector were already unevenly distributed before 2020. The different levels of emergency frameworks will further accentuate this situation. However, today's challenges are global. Action must therefore be guided by the **principles of international cooperation and solidarity – also in the cultural systems.** The European Union can be a key player to ensure cultural development and interaction on the European continent and globally. An open-border framework for cultural exchange is one of the key preconditions.
- Democracy is at the core and considerably challenged in times of the pandemic. Strong democratic institutions are required. **Culture and the media are fundamental pillars of democratic, open and pluralistic systems.** Frameworks for public debate will continue to change after the disruptive transformations in 2020. Therefore, more safe cultural spaces of open debate and experimentation based on the freedom of expression are needed in Europe and beyond. They have the power to contribute to the further development of societies into more equal, pluralistic and democratic communities. The crisis in 2020 has brought to the fore how important qualitative spaces of public debate are and how easily they can be misused.

4.3.2. Pillars of a CCS as an integral part of innovative and cohesive societies

A comprehensive approach is required to make arts, CCS in Europe an integral part of the much-needed recovery from the crisis and support the developments of societies as open, pluralistic, democratic, innovative and emancipated. An ecosystem for emancipated societies supported by and built upon solid CCS frameworks should include the following elements:

1. ARTISTIC FREEDOM²¹¹

The fundament for this emancipatory power to unfold is the freedom of expression, of media and of the arts, which is especially important in times of renationalisation and populist processes where

²⁰⁹ *Academic freedom* is the freedom of teachers and students to teach, study, and pursue knowledge and research without unreasonable interference or restriction from law, institutional regulations, or public pressure. Its basic elements include the freedom of teachers to inquire into any subject that evokes their intellectual concern; to present their findings to their students, colleagues, and others; to publish their data and conclusions without control or censorship; and to teach in the manner they consider professionally appropriate. For students, the basic elements include the freedom to study subjects that concern them and to form conclusions for themselves and express their opinions. (From <https://www.britannica.com/topic/academic-freedom>)

²¹⁰ According to UNESCO (2019) *artistic freedom* is the freedom to imagine, create and distribute diverse cultural expressions free of governmental censorship, political interference or the pressures of non-state actors. It includes the right of all citizens to have access to these works and is essential for the well-being of societies. https://en.unesco.org/creativity/sites/creativity/files/artistic_freedom_pdf_web.pdf

²¹¹ See footnote 210

culture and the arts are regularly being instrumentalised for national(istic) purposes or to underline differences rather than our common humanity.

2. BROAD INNOVATIVE TRANSFORMATION SUPPORT FRAMEWORKS

Complex challenges of the 21st century such as growing inequalities and climate change demand innovative solutions. Therefore, a broad definition of innovation needs to be applied, including the social, the human and the aesthetic dimension. The potential of the CCS can be used for new approaches that combine knowledge, tools, structures and funding of different sectors. Policy making should stimulate this cross-fertilisation (interdisciplinary and cross-sectoral) and respond to the needs of the sectors beyond their respective silos.

3. TERRITORIAL AND SOCIETAL INCLUSIVENESS

Crucial is the understanding that forward looking, inclusive and sustainable policy must ensure equal and participative processes already when designing the support measures and frameworks. This applies equally to all governance levels including the international. Sustainable partnerships need to be built-up. The diversity of voices must be heard.

4. INTERNATIONAL CULTURAL RELATIONS

Beyond eurocentric approaches, international cultural relations are based on the understanding that we all share the same world. The concept encompasses a bottom-up approach, based on the principle of person-to-person exchange, where multilateral exchanges should be based on shared values, as well as co-creative and co-operative processes and should allow for joint learning experiences. The way of doing international cooperation requires further reflection and modernisation as well as specific regional cultural cooperation strategies.

4.3.3. Recommendations for main policy support actions

To implement Flagship 3, we recommend that policy makers on EU level focus on the following recommendations. Due to the multilevel governance framework, collaboration with other policy levels should be sought after wherever necessary in support of targeted implementation and in the spirit of cooperation.

Recommendations

Pillar 1 – ARTISTIC FREEDOM

- Ensure cultural, social and political rights as well as artistic freedom in the EU and engage in the strengthening of these rights worldwide in EU external and cultural actions. This implies a strong commitment to a human-centred framework for the use of AI and the digital space (see Flagship 2). Further initiatives from the European Parliament in this regard would be meaningful.
- Consider the establishment of a European Charter of Cultural Rights and involve related stakeholders including the EU-wide networks of creatives and media-workers and journalists. Based on the experiences with cultural rights on the international level as well as in the framework of cities, the commissioning of a study from the European Parliament would be a first step.
- Bring EU core values such as freedom of expression to the fore by involving all relevant governmental and non-governmental partners including local stakeholders in policy making and implementation processes. The next EU Work Plan for Culture could involve

such a topic. However, for future related action, other stakeholders – beyond the usual suspects (e.g. the city level) – must be included into the discussion.

Pillar 2 - BROAD INNOVATIVE TRANSFORMATION SUPPORT FRAMEWORKS

- Use a broad understanding of culture, including also media, urban planning, education, sports, regional developments etc. for creating and maintaining open and shared space for understanding, discussion and creative expressions.
- Mainstream an inclusive and creative notion of innovation in all European programmes and regulatory frameworks, especially in research and innovation communities as well as in the EU's Cohesion Policies.
- Establish more initiatives like S+T+Arts²¹² (where arts, science and technology collaborate), incorporating similar elements such as awards for excellent projects. The new CCS KIC²¹³ could be helpful in that respect, by:
 - integrating the arts within the domain of health and well-being, following for example the exemplary recommendations from the Finnish research project ArtsEqual on arts and health²¹⁴; and
 - focussing on territorial placemaking, creating liveable conditions within cities and on the countryside.

The best practices within the KIC could help in mainstreaming the role of the CCS within other programmes of the EU, thereby creating new work and esteem for the CCS. This concurring approach integrates and strengthens the position of the CCS within the workings of the European Union.

- Common initiatives of e.g., the Cultural and Social Affairs Committees in the European Parliament should further strengthen the debate on the positive impacts of the CCS on well-being and health, innovation in other sectors and domains as well as raise awareness on CCS job creation potential – especially for youth.
- The European Parliament should commission an EU-wide study of case studies on
 - existing cross-sectoral support policies for and with the CCS;
 - related impact measurement results²¹⁵; and
 - related awareness raising initiatives,
 covering among others:
 - health and well-being effects by the CCS;
 - social innovation and cohesion furthered by the CCS; and

²¹² <https://www.starts.eu/>

²¹³ <https://eit.europa.eu/library/press-release-eit-turns-up-volume-creative-cultural-industries>

²¹⁴ https://sites.uniarts.fi/documents/14230/0/artsequal+-+toimenpidesuositus+-+2020+-+nro+1+%E2%80%93+2020+08+14_NETTI.pdf/e9eb7dd8-d0e7-2879-2816-b7cf56c9980f?t=1599650585009

²¹⁵ Different evaluation approaches for (international) cultural work exist. One example is the Goethe-Institut's evaluation concept "Culture Works" which suggests a mix of qualitative and quantitative methods (<https://www.goethe.de/resources/files/pdf94/culture-works-brochure-september-2016.pdf>). However, there is a need for the further development and operationalisation of the existing approaches particularly in the field of qualitative evaluation.

- public space and audience development innovation from the CCS.
- Strengthen the engagement potential of the CCS in EU programmes of all kinds including by making sufficient co-financing means available in local and regional recovery programmes through clearly earmarking of funds for the CCS.

Pillar 3 - TERRITORIAL AND SOCIETAL INCLUSIVENESS

- Enhance the research on social cohesion from and with the CCS including the various approaches to both quantitative and qualitative research and evaluation being used in culture and creativity for social cohesion, inclusion and well-being in Europe. The ongoing activities in the Work Plan for Culture are a related meaningful first step.
- Promote strong platforms for social inclusion and cohesion and exchange on related good practices (e.g. hearings in the European Parliament) and the further involvement of local governments and cities.
- Mainstream participatory policy making on all governance levels and lead by example within the new EU programming period 2021-2027. Most crucial will be also the establishment of feasible implementation conditions of the new programmes based on the feedback of CCS intermediaries. The Creative Europe Desks could organize related structured debates between the sectors and the managing authorities e.g., for the EU cohesion programmes.
- Develop a cultural territorial cohesion approach in order to ensure more balanced cultural support and ecosystem development inside the EU. The EU Cohesion Policy is an existing policy and support framework in which the cultural dimension should be considerably enhanced. The implementation of this policy area in the years 2021-2027 is the appropriate timeframe.
- Reinforce negotiations on all levels to provide the cross-border and transnational EU programmes (INTERREG) with a strong CCS dimension. Related training and support for the CCS intermediaries and cultural administrations on national, regional and local (including city-level) are needed. An EU-wide campaign and series of events including transfer of knowledge would be helpful. The members of the European Parliament might have also related means to provide learning and information exchange opportunities in their constituencies.
- Understand that dialogue needs to be supported by (cross-border) face-to-face encounters and ensure related feasible frameworks (e.g. equipment, skills, visa, travel costs). Investigate the potential for EU cultural visas for third country participants in EU-funded projects from the CCS. A related study commissioned by the European Parliament would be a meaningful first step.

Pillar 4 – INTERNATIONAL CULTURAL RELATIONS

- Support new forms of international cultural cooperation built on sustainable partnerships with stakeholders from outside the territory of the European Union. This cooperation should ensure an equal and level playing field. The current conditions in EU-funded programmes require related screening in order to avoid any discriminatory practice. The international dimensions e.g., in the Creative Europe Programme should be further enforced. Build

cultural cooperation support in the Neighbourhood, Development and International Cooperation Instrument on sustainable cooperation principles. Further streamline the Strategy of International Cultural Relations and propose geographical implementation plans.

- Support the development of global platforms that include (existing) international networks of cultural stakeholders, artists and philosophers to further debate the main challenges of the 21st century e.g., related to post-colonialism and climate change. The EU programmes Creative Europe, the EU Rights and Values Programme and the Neighbourhood, Development and International Cooperation Instrument could be financing tools for such initiatives.
- Defend the European values of solidarity and engagement across borders, while including people of third countries. Make culture and creativity play a crucial role in co-creating more equal and fair international relations. This also includes the fight against mobility barriers (such as visa's).

A wide range of EU policy initiatives and programmes are relevant to implement the recommendations provided. Some **priority actions** are highlighted below:

- EU-Programmes 2021-2027 like Creative Europe (2021 – 2027), Horizon Europe (2021 – 2027), Erasmus + (2021 – 2027), European Solidarity Corps (2021 – 2027),
- The Rights and Value Programme (2021 – 2027) with its culture, media and cross sectoral strands, EU Cohesion Policy (2021 -2027), Connecting Europe Facility
- Knowledge and Innovation Community for CCI (launch expected in 2022)
- Foreign Policy Instrument (FPI)²¹⁶
- EU Policy and Outreach Partnerships (EUPOP)
- Instrument contributing to Stability and Peace
- Support to EU Film Festivals
- Joint Communication "Towards an EU Strategy for International Cultural Relations"²¹⁷
- Joint Guidelines: EUNIC-EEAS-EC Partnership²¹⁸
- 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions²¹⁹
- Joint Communication "Towards a Comprehensive Strategy with Africa" (2020)²²⁰

²¹⁶ https://ec.europa.eu/fpi/home_en

²¹⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=JOIN%3A2016%3A29%3AFIN>

²¹⁸ <https://www.eunicglobal.eu/news/published-joint-guidelines-on-the-partnership-between-eunic-the-eeas-and-the-european-commission#:~:text=The%20%E2%80%9CJoint%20Guidelines%3A%20EUNIC%20%E2%80%93design%20an%20effective%20working%20relationship.>

²¹⁹ <https://en.unesco.org/creativity/convention>

²²⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020JC0004>

- Joint Communication on a renewed partnership for the Southern Neighbourhood (foreseen for 2021)²²¹
- Joint Communication on the “Eastern Partnership policy beyond 2020 » (2020)²²²
- Communication: “An Economic and Investment Plan for the Western Balkans” (2020)²²³
- Joint Communication “EU, Latin America and the Caribbean : Joining Forces for a Common Future” (2019)²²⁴
- A European Green Deal²²⁵
- European Democracy Action Plan²²⁶

The following **main stakeholders** can be important partners for the EU institutions to implement Flagship 3:

- Intermediary organisations and networks to mediate between the EU and local stakeholders like National cultural institutes, cultural foundations and institutions,
- European cultural networks
- Local, regional and national governments as well as their EU-wide and global networks
- Platforms and initiatives, such as the Cultural Relations Platform and More Europe
- Regional networks, e.g. for the Balkans in order to allow for a self-determined development of the local CCI

4.4. Transversal issues for sustainable cultural and creative sectors in Europe

The three Flagships contain the prioritised core of our recommendations. When working on these recommendations we came across issues that could not be limited to one Flagship and are of a transversal nature.

These are **issues that are also crucial for recovering from the existing crisis and that need to be addressed to build stronger CCS for the future** – that can be both drivers and enablers of sustainable development – keeping in mind that there are more crises ahead.

These six transversal perspectives are:

- ecological sustainability;

²²¹ <https://www.europarl.europa.eu/legislative-train/theme-a-stronger-europe-in-the-world/file-renewed-partnership-with-the-southern-neighbourhood>

²²² https://ec.europa.eu/info/publications/joint-communication-eastern-partnership-policy-beyond-2020-reinforcing-resilience-eastern-partnership-delivers-all_en

²²³ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1811

²²⁴ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52019JC0006>

²²⁵ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

²²⁶ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2250

- R&D and innovation for CCS;
- CCS skills and capacity building;
- improved sector representation and advocacy;
- enhanced role(s) of non-public funders; and
- re-establishment of EU freedom of movement and common market

Each of these are detailed below with accompanying recommendations:

1. ECOLOGICAL SUSTAINABILITY

This is the most fundamental transversal issue for the recovery and transition towards the long-term sustainability of the European CCS. It constitutes an important prevention action for an ongoing second major crisis – the climate and ecological crisis – with potential for more substantial harm. The cultural and creative sectors have the potential to play an important role within the European Green Deal²²⁷ and the New European Bauhaus²²⁸ by raising awareness, to initiate the debate on climate change and ecology and to prototype solutions together with civil society and the economy. At the same time, the CCS also need to transform themselves in an ecological and sustainable way.

Recommendations

- Set up a taskforce to help the sector transform into a fully ecologically sustainable ecosystem, initiating knowledge exchange and good initiatives on a European level. This approach could build on the EU Workplan for Culture and should receive the highest priority to start and implement exchange actions.
- Set up an investment matching fund for national and sectoral investments on sustainability and ecological transformation in the CCS. The European Green Deal investments as well as the EU Cohesion Policy are of related crucial importance and require the full integration of the CCS for the ecological transformation.
- Involve the CCS within the European Green Deal and use the New European Bauhaus to inspire, raise awareness and involve civil society in developing solutions towards sustainability. Understand that – beyond the ecological transformation of the CCS itself– the CCS have the potential to contribute substantially to more ecological European economies and societies. Ensure that EU support for greener businesses fully integrates e.g., green design innovation.

2. R&D AND INNOVATION

To make the transition to a sustainable ecosystem the CCS need to innovate themselves also helping other sectors to innovate. Research and Development are fundamental pillars for longer-term sustainable CCS businesses and initiatives. The current settings in the CSS do not allow for a continuous research approach (see Flagship 1). Within this approach we need to take into account regional

²²⁷ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

²²⁸ https://ec.europa.eu/commission/presscorner/detail/en/FS_20_1894

differences in capacities as well as diversity in access to the CCS by all, establishing the CCS as a democratic value and channel for innovation.

For recommendations related to cross-sectoral collaboration and innovation, we refer to Flagship 3. The recommendations in the following table should be considered as complementary to those.

Recommendations
• Make innovation an integral part of relaunch measures, distribute learnings from accelerated digitalisation in the sector and develop a support programme aiming at providing basic technologies and digital tools, and developing digitalisation strategies for all actors in the CCS. • Collect and distribute best practices from different sectors including social innovation and the development of new artistic and creative formats within a digital and hybrid economy of the CCS. The EU Work Plan for Culture, its related workshops and activities on Culture for Social Cohesion are a good starting point, which should be complemented by integrated activities and awareness raising e.g., by the European Parliament Culture and Social Affairs Committees. • Devise an explicit CCS innovation policy directed at the sector itself and on the realisation of the possibilities and promises the CCS can deliver. This approach should also include experimentation and pilot testing. Related financial support should be provided by the EU Research, Culture and Education programmes. • Set up a CCS specific information and help desk for Horizon Europe 2021-2027 to make potential funding opportunities for CCS innovation and research projects more accessible and to support matching with consortium leaders. • Enlarge the scope of activities of the Creative Europe Desks in all Member States to advise especially on the innovation funding parts of interest for the CCS in the EU cohesion programmes.

3. CCS SKILLS AND CAPACITY BUILDING

Mastering (new) skills is paramount in changing times. Mapping and addressing the main skills deficiencies in the CCS is crucial and related to future challenges. The specific needs on a sectoral level need to be identified to provide the best fitting skills programmes. There is a need to allow full involvement in lifelong learning of the self-employed and freelance parts of the CCS (e.g. paid training time) and to acknowledge forms of informal capacity building such as peer-to-peer learning.

Recommendations

- Analyse the specific skills deficiencies related to the target groups and territorial differences. The work done so far e.g., in the EU Creative FLIP project is a first basis which should be further developed and fully taken into account in the activities of the European Parliament as well as in the concerned EU programmes and initiatives including ESCO (European Skills, Competences, Qualifications and Occupations) and the EU-programmes Creative Europe and Erasmus.
- Promote creative and art education on all levels, in both formal and informal learning contexts for a future-proof CCS ecosystem in cooperation with all stakeholders to modernise the EU education systems in the Member States. The EU level could ensure a wide dissemination of good practices among stakeholders and decision makers.
- Training, coaching and peer-to-peer learning programmes are needed for all actors in the CCS and should cover the following main topics:
 - financial literacy including capacities to access (EU-) (innovation) funding programmes and to develop digital revenue models;
 - management capacities including how to steer transformation processes;
 - digital skills including the development and use of new (digital, hybrid) formats;
 - innovation in arts and culture, including new types of mobility and artistic development; and
 - ecological transformation of cultural actions of all kinds.

The EU Erasmus Programme should fully reflect the different training needs of the CCS. Furthermore, exchanges of good and innovative practices should be further strengthened. The European Parliament would be well-positioned to provide related platforms for exchange.

4. IMPROVED SECTOR REPRESENTATION AND ADVOCACY

The degree of sectoral organisation and representation in the EU is underdeveloped in some sub-sectors and geographical territories. Especially the freelance parts of the CCS are underrepresented. The sector can only grow and take up its rightful place within the EU when EU-wide initiatives arise that have the power and financial backing to advocate and negotiate for the sector as a whole.

EU-wide initiatives could be formed in analogy to the three Flagships: fair CCS work systems, digital frameworks that fit the CCS and the CCS as an integral part of an innovative and emancipatory European Union.

Recommendations

- Engage in the development of EU-wide initiatives to bundle stakeholders and interests, to defend creator's and freelancer's rights on the European and the global scale. Especially the representation of independent workers in the CCS could be strengthened by stimulating cooperation between unions, organisations of creative hubs and fair-practice initiatives.
- Ask for united approaches from the networks, unions and organisations of the CCS and encourage EU-wide coordinated actions and advocacy.
- Invest in those European territories which are not sufficiently covered with CCS support structures in order to further a balanced cultural development in the EU.
- Promote networks of networks of the EU CCS. This concentration and enhanced cooperation process is needed in order to achieve critical mass, encourage sectoral unity and related bargaining power inside the EU and related to the global scale.
- Provide financial support to intermediary organisations in the EU in order to provide support out of the crisis including:
 - accessible services for the CCS on the whole EU territory;
 - peer-to-peer learning involving EU and international experts;
 - the collection of meaningful data on the economic and social impact of the respective CCS;
 - common action of networks of networks of the EU CCS; and
 - support for international outreach of the EU CCS.

These recommendations can be best addressed in EU programmes like e.g., Creative Europe, by providing (funding) support for CCS intermediaries and networks to organise and further professionalise. Furthermore, the EU institutions can provide settings for exchange of national and regional CCS stakeholders to further EU-wide networking as well as the development of structures with sufficient critical mass and financial power.

5. ENHANCED ROLE(S) OF NON-PUBLIC FUNDERS

There is a large part of the CCS that is not publicly funded. On the other hand, there are many private funders that are not connected to the CCS. It is important to encourage the private sector to get more familiar with the CCS and their important potential for the restructuring of the economy and European democratic societies after the crisis. From the inventory of the support measures provided to the CCS during the COVID-19 crisis, we understand the non-public funders have interest in innovation. More and better links between the non-commercial and commercial parts of the CCS can establish (longer-term) partnerships.

Recommendations

- Further encourage matching (public-private) financing plans taking into account the feasibility (e.g. number of investors available).
- Initiate co-operation programmes with private actors for a more sustainable financing base of the CCS including:
 - cross-sectoral innovation programmes with e.g., foundations;
 - collecting societies willing to be a financial partner also beyond times of crisis; and
 - crisis winners including those from the CCS like digital culture platforms or gaming.

Experiences made in EU-programme with private co-financing can be inspirational and provide a basis for establishing such cooperation schemes. A structured dialogue with major EU foundations from different Member States initiated by the EU institutions would be another meaningful first step.

- Start awareness raising initiatives related to the liability and potential of the CCS, also in crisis times, in order to achieve the re-engagement of the private investors including crowdfunding and impact investing. The awareness raising could be built on a comprehensive EU-wide study to investigate the sustainability of the business of the CCS, its potential of providing collateral and how to improve the capital basis of the CCS – commissioned by the European Parliament.

6. RE-ESTABLISHMENT OF EU FREEDOM OF MOVEMENT AND COMMON MARKET

We need to re-establish frameworks to ensure the Freedom of Movement and of Services to ensure a faster recovery built on the potential of the whole EU territory. Relaunch programmes should carefully address the cross-border and international cooperation needs. The engagement potential of the CCS in EU programmes of all kinds should be strengthened to re-establish freedom of movement and make full use of the common market possibilities, including by making available sufficient co-financing means in local and regional recovery programmes.

It is crucial to understand the complexity of current legal frameworks for intra-EU cross-border cooperation of the CCS – including working permits and double taxation agreements, etc. and at the same time open EU-initiatives for the CCS for further international exchange.

The CCS is a cross-sectoral engine for transformation of European societies– especially in those areas lagging behind. International cooperation including effective access to EU markets is needed to be successful in this respect. The latter applies also specifically to persisting visa obstacles.

Recommendations

- Start an EU-wide awareness raising initiative related to
 - the high interdependencies and cross-border dimension of the CCS including trade and service export inside the EU;
 - the substantial potential of the European Common Market to face global competition in the CCS which – if (re-)implemented – constitutes a huge comparative advantage compared to many other areas on the globe. The long lasting EU integration process, has allowed to build a European Common Market based on the four fundamental freedoms allowing goods, services, capital and persons to move without restrictions within the EU;
 - the harm of closed borders inside the EU in view of the general perceptions of Europeans and potential related populist and nationalistic discourses; and
 - the added value of the European project.

The European Parliament could considerably contribute to a broad launch of this debate and the urgently needed follow-up activities in order to enable and further support the recovery of the EU CCS and related earning possibilities for the CCS in EU and external markets.

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²²⁹ All listed websites were accessed in the period from spring to autumn 2020.

ANNEX I: DELINEATION OF THE RESEARCH TOPIC AND RESEARCH METHODOLOGY

Research scope

In the context of this study, a number of concepts are used according to the following definitions:

In line with the Regulation 1295/2013 of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020), article 2 (1), this study considers the **cultural and creative sectors (CCS)** as *'all sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or nonmarket-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'*.²³⁰

Considering the objective of this study and the available data, the analysis of the effects of the COVID-19 crisis focuses more specifically on the following eight sub-sectors:

- Performing arts,
- Music,
- Visual arts and crafts,
- Cultural heritage,
- Film,
- Book publishing and press,
- Radio and television, and
- Games and animation.

When describing each of these sub-sectors, this study further refers to the concept of **creative value chains**, meaning that each of the sub-sectors consist of 'a sequence of activities during which value is added to a new product or service as it makes its way from invention to final distribution'. Multiple economic entities are involved within one value chain in order to fulfil all functions. In line with the stylized creative value chain presentation developed in the study of IDEA Consult et al (2017)²³¹, creative value chains consist of:

- core functions: creation, production/publishing, dissemination/trade, exhibition/reception/transmission;
- support functions: preservation, education/training, management/regulation; and

²³⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1295>

²³¹ IDEA Consult, VUB-SMIT and KEA, *Mapping the creative value chains: A study on the economy of culture in the digital age*, European Commission - DG EAC, 2017. <https://op.europa.eu/en/publication-detail/-/publication/4737f41d-45ac-11e7-aea8-01aa75ed71a1>

- ancillary functions: services that are not directly associated with cultural content, but rather facilitate or enable the creation, production, dissemination or exhibition of cultural works.

We refer to the study for a more detailed description of the creative value chains and the main actors per sub-sector.

This study further builds on the ESSnet Culture definition²³² of **cultural employment**, which states that cultural employment comprises '*all cultural and non-cultural employment of economic units whose activities fall under the cultural sphere*', where economic units are defined as follows:

- individual level: full- and part-time employees, self-employed, intermittent workers, temporary workers; and
- organisation level: non-profit organisations, large companies, micro, small and medium enterprises, social enterprises.

More specifically, the ESSnet Culture states that cultural employment arises in three types of situations:²³³

- the working population that both exercises a cultural occupation and works in the cultural sector;
- the working population that exercises a non-cultural occupation in the cultural sector; and
- the working population that exercises a cultural occupation outside of the cultural sector.

In the context of this study the primary focus of analysis will be on employment in the CCS itself, as well as in related sectors that provide ancillary support in CCS value chains.

Databases used for the mapping of crisis effects

As of the beginning of the Great Lockdown, sectoral organisations as well public institutions and research centres launched surveys on the first effects of the lockdown measures felt by the CCS in general or the specific CCS sub-sector they represent. To conduct a meaningful analysis of these effects and generate adequate policy recommendations, relevant existing reports and raw data from the running surveys have been collected both at EU and national levels. In addition, scientific articles, briefings and statements have been collected and analysed. The screening comprised of the information available in the period from March to November 2020.

Despite the high fragmentation and variety of data formats and structures, the information collected covers all eight sub-sectors and all EU-27 Member States. They have been collected in a standardised Excel database for further analysis. We refer to the references list for an overview of the reports, briefings, scientific articles and other sources that have been consulted and analysed.

Nota bene: due to linguistic barriers, the dataset does not constitute the full compilation of all surveys launched in all Member States. However, given the overall common industrial structure of the eight sub-sectors across Europe, we believe that the dataset represents a critical mass of information to describe the main effects of the COVID-19 crisis on the CCS in Europe.

²³² <https://ec.europa.eu/eurostat/documents/341465/3199631/essnet-culture.pdf/a6518128-69b3-4d89-82b8-060a3ad0d1d5>.

²³³ Eurostat's statistics on cultural employment are sourced from the EU's labour force survey (EU-LFS). Eurostat compiles data on cultural employment according to the field of economic activity (NACE Rev. 2) in which the employed person works and according to their occupation (ISCO-08), using a matrix to create an aggregate for all cultural employment.

The dataset has been then analysed and translated into a visual effect chain map to build on the analysis (see section 1.5).

Databases used for the mapping of emergency and relaunch support measures

For the mapping and analysis of the emergency and relaunch measures that have been taken to support the CCS during the COVID-19 crisis, the following information sources were used and compiled in a standardised database for further analysis:

- European Commission: How the EU responds to the coronavirus outbreak in support of the cultural and creative sectors (<https://ec.europa.eu/culture/resources/coronavirus-response>)
- National measures to alleviate the impact of COVID-19 on the cultural and creative sectors (version dated 02.07.2020)
- Compendium of Cultural Policies & Trends, the compendium in times of Covid-19 (<https://www.culturalpolicies.net/covid-19/>)
- UCLG Culture 21 Committee - The cultural mobilization of cities and local governments in the COVID-19 crisis (<http://www.agenda21culture.net/culturecovid19>)
- Creatives Unite Website (<https://creativesunite.eu/>)
- Further sources to complete other information like KEA interactive visualisation (<https://keanet.eu/kea-unveils-visualization-on-national-measures-to-mitigate-covid-19-impact-on-ccs/>)

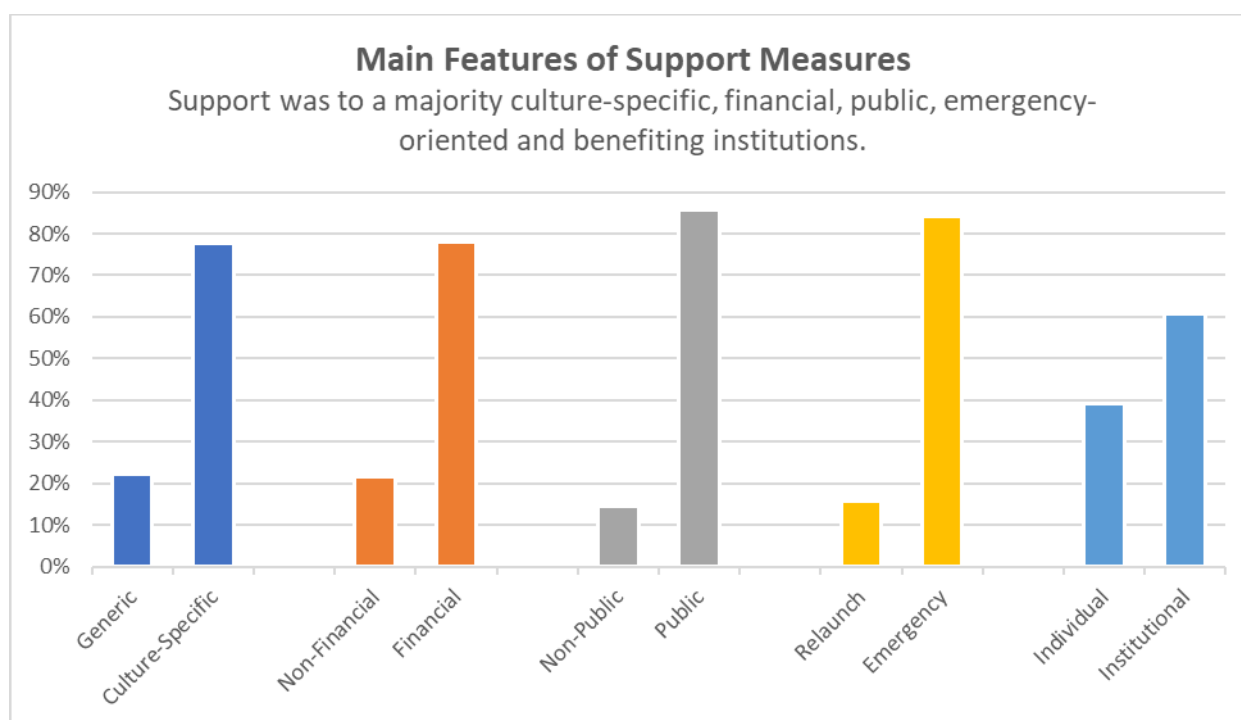
The screening comprised of the information available in the period from 11.09.2020 to 25.09.2020. A total of 416 datasets have been generated from the mentioned sources in order to analyse major trends.

We note that the dataset does not constitute a full compilation of all measures taken in all Member States, but rather a critical mass to describe some major tendencies related to the types of COVID-19 response measures that have been taken. Furthermore, it should be noted that mainly measures taken by EU Member States were publicly and more systematically available which might underplay the overall measures taken by cities in the European Union. In addition, no systematic EU-wide databases were available related to the support measures of regions and Federal States (e.g. measures of German Länder).

The database of support measures includes a total of 416 support programmes, measures and initiatives, of which

- 84% relate to emergency²³⁴ activities;
- 78% of the measures are culture specific;
- 78% are financial support programmes;
- 86% of the measures come from public actors; and
- 1% of the budget spent in support initiatives comes from non-public funds.

²³⁴ We define emergency support as 'direct (partial) compensation of lost income' measures.

Figure 28: Types of support measures

Source: Based on database of study authors compiled in September 2020

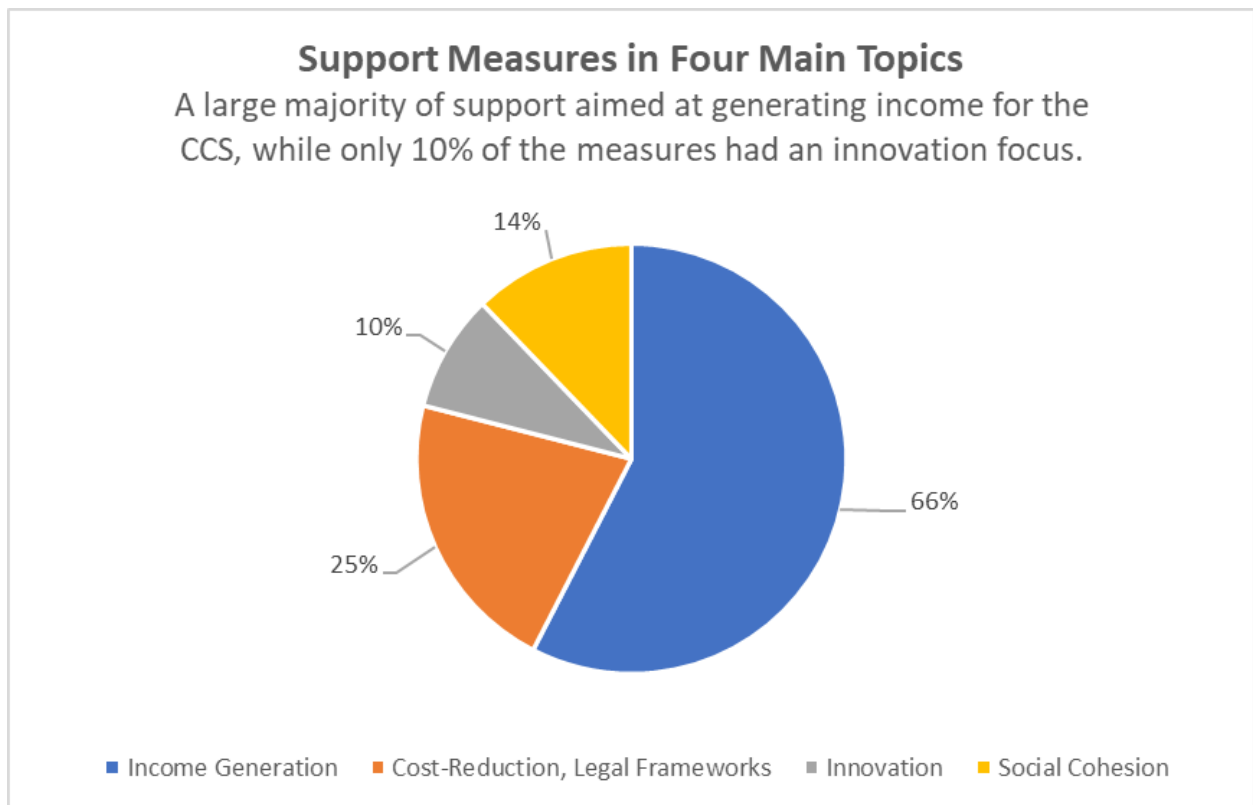
Note: The figures are not based on a full collection of all measures taken in the EU and provide only information on trends

The budgetary frameworks of the support measures are most difficult to measure due to the fact that these figures were, to a larger extent, not systematically provided in the public databases. In autumn 2020 still additional emergency and relaunch support measures for the CCS were adopted, and the culture-share in the generic support programmes was not (yet) measured or published. The cumulated total culture specific support budget in the database of 416 datasets cumulates to EUR 8 billion until the end of September 2020.

The research team grouped the measures into four main categories:

- measures to encourage income generating of the CCS from public and private sources for the CCI ("Income generation");
- measures related to cost-reduction for the CCS, updated legal frameworks and status of the artist/freelancer ("Cost reduction, Legal framework modifications and Status of the Artist");
- measures for innovative ways out of the crisis for and with the CCS ("Innovation"); and
- measures for the promotion of social cohesion and awareness raising for the CCS ("Social Cohesion").

Figure 29: Topical spreading of support measures



Source: Based on database of study authors compiled in September 2020

Note: The figures are not based on a full collection of all measures taken in the EU and provide only information on trends

Two thirds of all screened support measures are dedicated to the income generation of the CCS and 25% address cost-reduction, legal frameworks and direct support to artists.

ANNEX II: LIST OF INTERVIEWEES

Name	Organisation	Function	Date of the interview
Matthieu Philibert, Angel Labrusse	Indipendent Music Companies Association (IMPALA)	Director of Public Affairs / Public Affairs officer	20/10/2020
Roberto Suárez Candel	European Broadcasting Union (EBU)	Head of Strategy & Media Intelligence	29/10/2020
Horst Hörtnner	Ars Electronica	CEO	6/11/2020 Flagship 2
Veronique Desbrosses	European Grouping of Societies of Authors and Composers (GESAC)	General Manager / General Counsel	9/11/2020
Dirk de Wit	Flanders Arts Institute	Head of International Relations	9/11/2020 Flagship 3
Mohamed Toukabri		Independent Artist	9/11/2020 Flagship 3
Lucie Perineau	European Network of Cultural Centres (ENCC)	Communications and Publications Manager	10/11/2020
Burak Özgen	European Grouping of Societies of Authors and Composers (GESAC)	General Counsel	10/11/2020 Flagship 2
Onur Emul	IPIL - International Cooperation at Institut de la Propriété Intellectuelle Luxembourg GIE	Deputy Manager	12/11/2020 Flagship 2
Alexandre Forestier	Panodessey digital culture platform	CEO	16/11/2020 Flagship 2
Harry Verwayen	Europeana	CEO	16/11/2020 Flagship 2
Ása Richardsdóttir, Elena Polivtseva	International network for contemporary performing arts (IETM)	Secretary General / Head of Policy and Research	18/11/2020
Martin Clarke	Panteia	Consultant	18/11/2020 Flagship 1
Chryssa Vlachopoulou	Romantso Hub Athens	Coordinator	20/11/2020 Flagship 1-3
Tere Badia	Culture Action Europe	Secretary General	24/11/2020

			Flagship 3
Sana Ouchtati	More Europe	Director	24/11/2020 Flagship 3
Christos Savvidis, Lydia Chatziakovou	ArtBOX Thessaloniki	Director/Co-director	25/11/2020 Flagship 3
Carolien Gehrels	Arcadis	Director European Cities	25/11/2020 Flagship 1-3
Daphne Tepper/Johannes Studinger	UNI-Mei	Director/Head of Department	25/11/2020 Flagship 1

ANNEX III: LIST OF FOCUS GROUP PARTICIPANTS

Focus group 1 – MEASURES RELATED TO INCOME GENERATION

20 October 2020, online, 10:00 – 13:00 CET

Name	Organisation
Kimmo Aulake	Ministry of Culture and Education, Finland
Roman Bartuli	Prognos AG
Robbert Baruch	BUMA Collecting Society
Virginie Civrais	St'art Invest
Barbara Fodorné dr. Bitter	Ministry of Innovation and Technology, Hungary
Anne-Charlotte Jeancard	ADAMI
Jan Jaap Knol	Boekman Foundation
Vjera Matkovic	Ministry of Culture, Croatia
Heidemarie Meissnitzer	Permanent Representation of Austria to the EU
Therese O'Connor	Permanent Representation of Ireland to the EU
Anu-Maaja Pallok	Ministry of Culture, Estonia
Gernot Schödl	Verwertungsgesellschaft der Filmschaffenden
Veli-Markus Tapio	Suomen Kulttuurirahasto, Helsinki
Conny Weber	European Crowdfunding Network
Walter Zampieri	EACEA

Focus group 2 – MEASURES RELATED TO COST-REDUCTION, LEGAL FRAMEWORKS AND STATUS OF THE ARTIST / FREELANCER

21 October 2020, online, 10:00 – 13:00 CET

Name	Organisation
Anita Debaere	PEARLE
Veronique Desbrosses	European Grouping of Societies of Authors and Composers
Emur Onur	Institut de la Propriété Intellectuelle Luxembourg
Kadri Jauram	Estonian Permanent Representation to the EU
Kirsi Kaunisharju	Ministry of Education and Culture, Finland
Dearbhal Murphy	International Federation of Actors
Burak Özgen	European Grouping of Societies of Authors and Composers
Morgane Quemener	Ministry of Culture, France
Eberhard Schrempf	Creative Industries Styria

Oscar Seguro	Ministry of Culture, Portugal
Alicja Swierzek	European Composer and Songwriter Alliance
Sara Turra	European Network of Cultural Centres

Focus group 3 – MEASURES FOR INNOVATIVE WAYS OUT OF THE CRISIS FOR AND WITH THE CCS

9 November 2020, online, 10:00 – 13:00 CET

Name	Organisation
Vassilis Charalampidis	European Creative Hubs Network
Rita De Graeve	Flemish Government, Department of Culture
Christophe Ebermann	Interreg Central Europe Joint Secretariat
Niels Chr. Hansen	University of Aarhus
Dubravka Jurisic	Goethe-Institut/Creative FLIP
Stavros Kalognomos	Conference of Peripheral Maritime Regions – CCRE-S3
Frank Kimenai	Hive Mind
Julia Köhn	Kompetenzzentrum Kultur- und Kreativwirtschaft des Bundes
Martina Lodi	Emilia-Romagna Region
Alessandra Lucchese	Ministry of Culture and Tourism, Italy
Dace Resele	Northern Dimension Partnership on Culture
Lisette Reuter	Un-Label
Niki Monika Tsiliberti	Hellenic Ministry of Culture and Sport

Focus group 4 – MEASURES RELATED TO THE PROMOTION OF SOCIAL COHESION AND AWARENESS RAISING FOR THE CCS

21 October 2020, online, 10:00 – 13:00 CET

Name	Organisation
Luca Bergamo	City of Rome
Julie Chenot	Camargo Foundation
Laura Christ	AGE Platform Europe
Dagan Cohen	R&D, What Design Can Do
Ziad Erraiss	More Europe
Laura Hassler	Musicians Without Borders
Milica Ilic	Reshape
Marie Le Sourd	On The Move
Anne Nigten	Design University Linz

Jordi Pascual	Agenda 21 For Culture
Sverre Pedersen	Freemuse
Mafalda Sebastião	City of Lisbon
Gitte Zschoch	EUNIC Global

Cultural and creative sectors (CCS) have been hit hard by the consequences of the COVID-19 pandemic. This study analyses the so far effects of the crisis on the CCS, as well as the policy responses that are formulated to support the sectors. Based on the analysis, policy recommendations are formulated to further improve the resilience of the CCS in Europe in the medium and longer term.

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