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The Cultural and Creative Industries in Europe

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Cultural and Creative Industries (CCIs) are one of Europe's strongest **Unique Selling Points** and therefore one of the **fasted growing sector** of the European economy. This success is particularly based on the fact that the CCIs combine the characteristics of a traditional economy with individual creativity and talent. With this connection the CCIs generate huge economic wealth and preserve European identity, culture and values. The traditional consumer markets are changing radically. Nowadays, design, life style and creativity are continuously becoming the driving power for growth. Digitalisation in combination with the CCIs curbs an unrecognized potential for the European economy - **60%-70% of the newly published digital content** is produced in Europe. Due to this immense influence on the European economy the CCIs are a market with unprecedented possibilities for Europe's digital future and therefore a unique selling point for the European economy in the global competition.

The Economic Impact of the Cultural and Creative Industries

The CCIs encompass several markets which stretch from the core CCIs¹ to the fashion and the high-end industry. Encompassing such a big market leads to success. The CCIs play an important role in fostering economic growth, job creation and innovation. The European Commission even identified them as a high growth sector generating added value.²

The economic data (EU 2013) highlights the strong economic impact (excluding the high-end industries):



Enterprises:
11.2% of all private enterprises
more than 3 million enterprises



Employment:
12 million people
(7,5% of the EU's work force)



Turnover:
5.3% of the total EU GVA
(€509 bn.) & turnover of
€1.5000 billion

The high-end industry (EU 2013), as a part of the Creative Industry, significantly impacts its success:



Employment:
1,7 million people in 1.1 million direct jobs
& 600.000 people indirect jobs



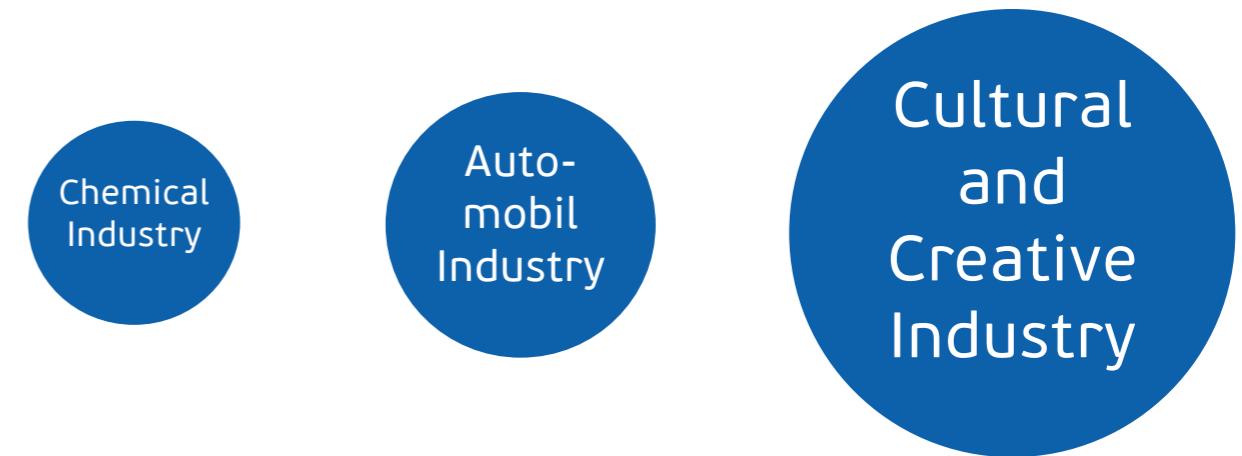
Turnover:
€547 billion value of sales of goods and
services (4% of the nominal GDP)³

¹ These include: advertising, architecture, archives, libraries, cultural heritage, books, press, cultural education, design (including fashion design), visual arts, music, performing arts, artistic creation, radio, TV, software, games, video, film.

² European Commission, "Promoting cultural and creative sectors for growth and jobs in the EU", COM(2012) 537 final, http://www.europarl.europa.eu/registre/docs_autres_institutions/commission_europeenne/com/2012/0537/COM_COM%282012%290537_EN.pdf.

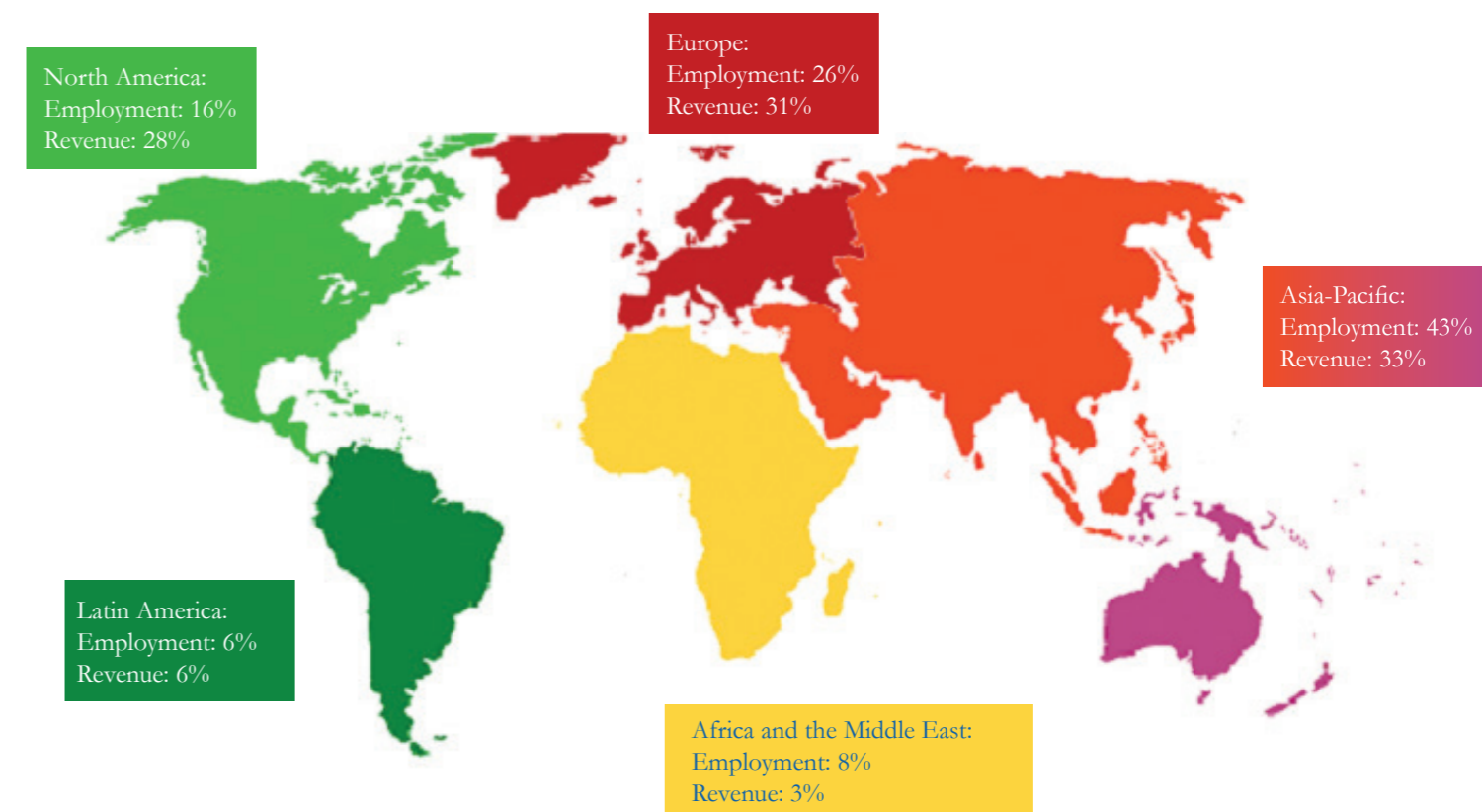
³ Karin Bachinger, et al. "Boosting the Competitiveness of Cultural and Creative Industries for Growth and Jobs," Draft Final Report, KMU Forschung Austria (May 2016), 28-29.

With more than 12 million jobs the CCIs employ **2.5 times more people than automotive manufacturers** and **5 times more than the chemical industry**.



The employment in the Cultural and Creative Industry⁴

Globally, Europe assembles the second largest amount of people employed in the CCIs. It can only be trumped by the Asia-Pacific region. Their revenues of **both regions** from the CCIs, however, almost match.



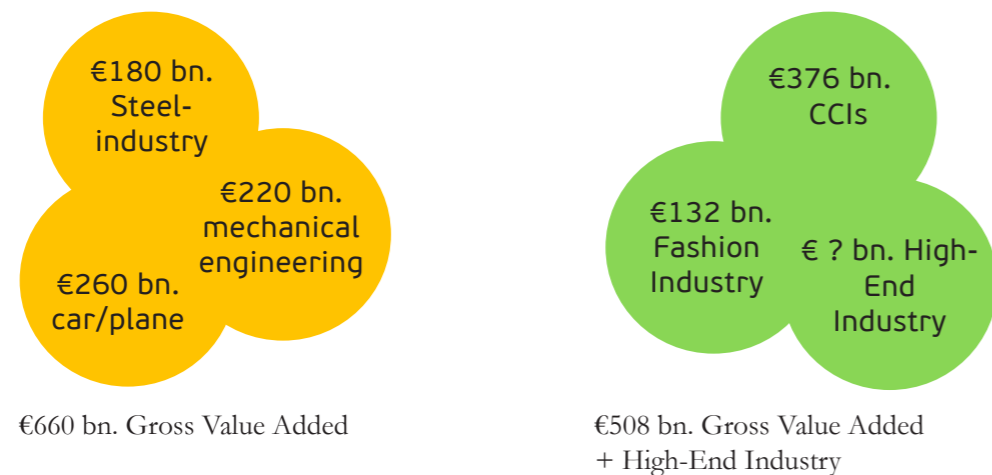
All data illustrates the rounded percentage of 100% of the global employment in the Cultural and Creative Industries and the rounded percentage of 100% the global revenue from the Cultural and Creative Industries.⁵

⁴ ididm.

⁵ ididm.

On the one hand, CCIs are characterised by a small enterprise size. 95% of the CCIs are businesses with up to nine employees (core CCIs: 96%/ fashion industry: 92%). 70% of all CCIs in the trade and services sector are one-person-enterprises.⁶ On the other hand, there are, especially in the European high-end industry, many global players, which clearly stand out due to their market strength and assertiveness (f.e. Hermès).

The CCIs generate around €508 billion of gross value added (excluding the High-End industry). Even though no exact assumption exists regarding the GVA of the high-end industry, the sheer market size of this industry suggests that an addition of the GVA of that industry to the GVA of the traditional CCIs would outnumber the GVA of the steel-, mechanical engineering and car/plane industry by far.⁷

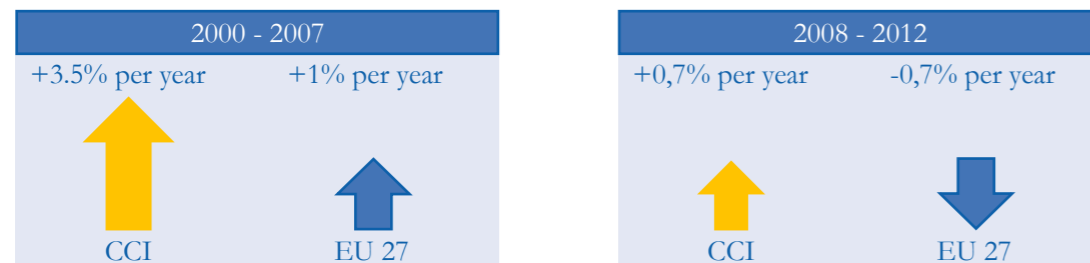


The total EU exports of CCIs sum up to a value of exports in € million 117.695,83 in 2011. Between 2008 and 2011 this export of the CCIs grew by 13.4%.⁸

	Value of exports in € mio in 2014	Share in the total EU exports in %	Change of exports in %, 2008-2014
Cultural goods	27.278,41	1.6	-10.3
Goods related to fashion	209.136,48	12.3	20.2
High-end industries	308.000 (2013)	17.0 (2013)	25.1 (2010-2013)
Total EU Exports of goods (all products)	1.702.973	100.0	30.1
Creative services	117.695,83 (2011)	n/a	13.4 (2008-2011)

International trade of CCI goods and services from EU28 countries by type, 2008-2011/14⁹

Even in times of an economic crisis the CCIs are robust and manage to create growth.¹⁰



⁶ ibid., 1.

⁷ ibid., 28-29, 48.

⁸ ibid., 68.

⁹ ibidem.

¹⁰ European Commission, "Textiles, Fashion and Creative Industries," Marché intérieur, industrie, entrepreneuriat et PME https://ec.europa.eu/growth/sectors/fashion_en.

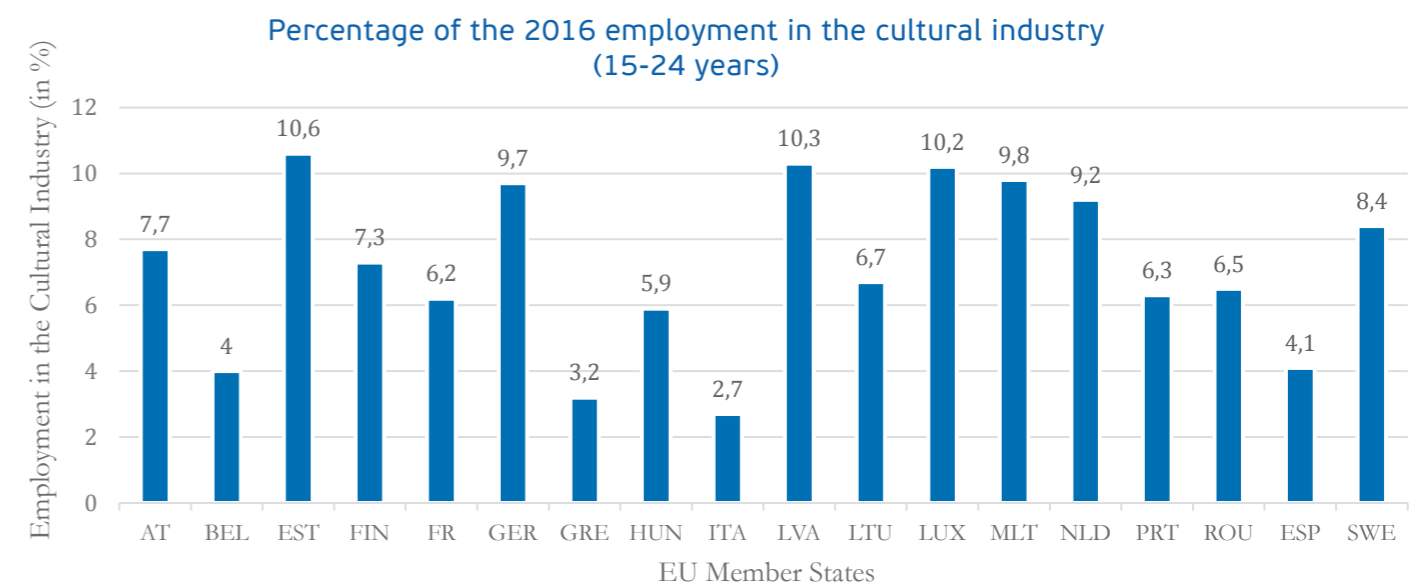
The Fashion and High-End sector

The fashion and the high-end industry in Europe does not only contribute to the promotion and spreading of European excellence, but they also contribute significantly to preserving the European savoir faire. With their strong economic impact they are valuable for the European economy and they take up a strong share in the European CCIs. High-end industries employ approximately **1.7 million persons** and their value in terms of sales of goods and services amounts to **€547 billion (4% of the nominal EU GDP)**. Within the EU exports around **€209.1 billion** are made with goods related to **fashion (12.3%)** and the high-end industries account for **€308 billion (18%)** of European exports.

For the production of their goods both industries strongly rely on traditional craftsmanship. However, in Europe there is a gap between the needs of the industry and the availability of highly skilled workforce at EU level. This means that the priority for this sector is to provide new policies to ensure the safeguarding and promotion of the traditional European savoir-faire and the artistic crafts. Additionally, the high-end and fashion segments are subject to increasing and heavy counterfeiting, reaching alarming proportions in terms of lost revenue for industries and consequent loss of jobs, let alone problems related to health and consumer protection. In 2013 **up to 2.5% of international trade** was in counterfeit and pirated goods, and **up to 5% (€85 billion) of imports in the EU alone**.¹¹

The impact on the reindustrialisation of Europe

CCIs give many opportunities to the European economy regarding youth employment and reindustrialisation, especially due to the growing opportunities created by the digital environment for young people. According to a recent study the CCIs employ more **15-29-year-olds** than any other economic sector (**19.1% of total employment in CCIs versus 18.6% in the rest of the economy**). Given the brain drain Europe has been experiencing in recent decades, further promotion and investment in CCIs would be beneficial in creating new jobs and combating the youth unemployment rate. There is, thus, potential within CCIs regarding youth employment and reindustrialisation, to secure the transfer of knowledge and traditional craftsmanship in connection with digitalisation, and maintain the economic, historical and social texture on which CCIs rely.¹²



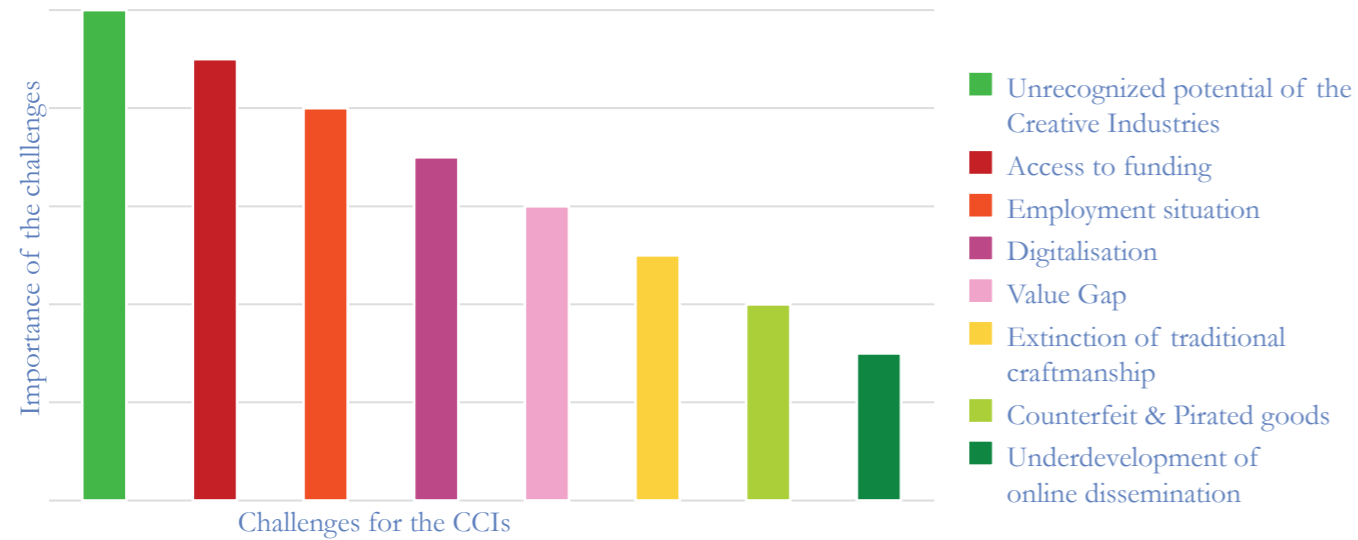
The data is retrieved from datasets of UIS Stat. by UNESCO and the UNESCO Institute for Statistics (<http://data.uis.unesco.org/Index.aspx>)

¹¹ European Parliament: Christian Ehler and Luigi Morgano, "Report on a Coherent EU Policy for Cultural and Creative Industries," Plenary Sitting (November 30, 2016), 21-24.

¹² ibid., 7.

The challenges for CCIs in Europe

Challenges for the Creative Industry



- 1 The potential of the European CCIs in the creation of growth and jobs remains largely untapped. As such, CCIs remain undervalued and unrecognised.
- 2 The CCIs have difficulties to access finance and funding – often due to a higher degree of risk involved in investing in especially IPR intensive CCIs.
- 3 The employment situation in the CCIs is precarious. The provision of permanent employment is insufficient. Additionally, the mobility of artists and cultural professionals is not supported sufficiently.
- 4 The notion that the digitalisation is an intrinsic part of the Creative Industries has yet to be accepted by the majority of people. Therefore, the progress towards a digitalised future of the CCIs has so far been hampered.
- 5 Despite an unprecedented consumption of creative content, CCIs have not seen a comparable increase in revenues. This value gap includes, especially in the music industry, the problem that the owners of online platforms (distribution) are often placed in an advantaged position over the owners of content (60%-70% from Europe). Platform owners need to be held responsible.
- 6 The sector is faced with the gradual extinction of traditional skills and crafts. There is a lack of cross-cutting – and in particular entrepreneurial – skills.
- 7 The CCIs are increasingly faced with counterfeit and pirated goods.
- 8 The dissemination of cultural and creative goods and services online through cultural institutions still needs to be improved.

The requests of the CCIs in Europe

- 1 The gathering of reliable statistics and data based on a comprehensive definition in order to raise awareness about the characteristics and needs of the sector.
- 2 The monitoring of the sector's development in order to create fit-for-purpose solutions for CCIs.
- 3 The fostering of innovation and entrepreneurship in the CCI sector by facilitating co-operation with other sectors and policies (crossover).
- 4 The improvement of the access to finance in order to support new business models.
- 5 The use of the already existing tool-box on European level and bringing together all existing instruments and initiatives in a coherent manner.
- 6 The development of skills, including business skills, digital skills and craftsmanship (f.e. through school curricula).
- 7 The addressing of changing skills' needs and the overcoming of skills' shortages.
- 8 The strong, official and financial support and confession to the significance of the European Cultural and Creative Industries as a core value of the EU and its unprecedented economic potential for growth in the European single market.





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