

EUROPEAN UNION



Committee of the Regions

Culture and Creativity

Europe's regions and cities making a difference

Conference of the Committee of the Regions
29/30 January 2014
Brussels

Background
note

in cooperation with:



Regions and Cities supporting
Europe2020
Europe's growth strategy

Culture and creativity: The role of Europe's regions and cities

CoR conference on 29 January 2014

Background note

(1) Executive summary

Europe's creative and cultural sectors represent a significant potential to contribute to sustainable recovery of the economy and to create jobs. With a share of 3.3-4.5% of the EU's GDP and 3-4% of its workforce, creative and cultural institutions and enterprises are an important and – given their above average growth rates during recent years - a very dynamic part of the EU economy with a positive impact on other sectors and citizens' well-being in general. Creative sectors face, however, a number of challenges such as a fragmented cultural market and space, namely due to linguistic diversity, the 'digital shift' of art production and dissemination, difficult access to finance for creative enterprises, 60% of which have fewer than 10 employees, and finally, a lack of comparable data. Tackling these challenges could help to achieve the objectives of the Europe 2020 strategy for growth and jobs at all levels of government.

The cultural and creative sector matters for regions and cities, and vice-versa. On average, subnational authorities are responsible for 65% of public expenditure on cultural activities and for over 30% of support to enterprises. Europe's regions and cities are in charge of cultural heritage - including intangible heritage, providing services to citizens and creative enterprises, hosting cultural events, and developing and maintaining EU-wide networking activities in the fields of culture and creativity. In doing so, they make use of EU support such as the Structural Funds, and other programmes such as the European Capital of Culture, the European Heritage Label and the new Creative Europe programme.

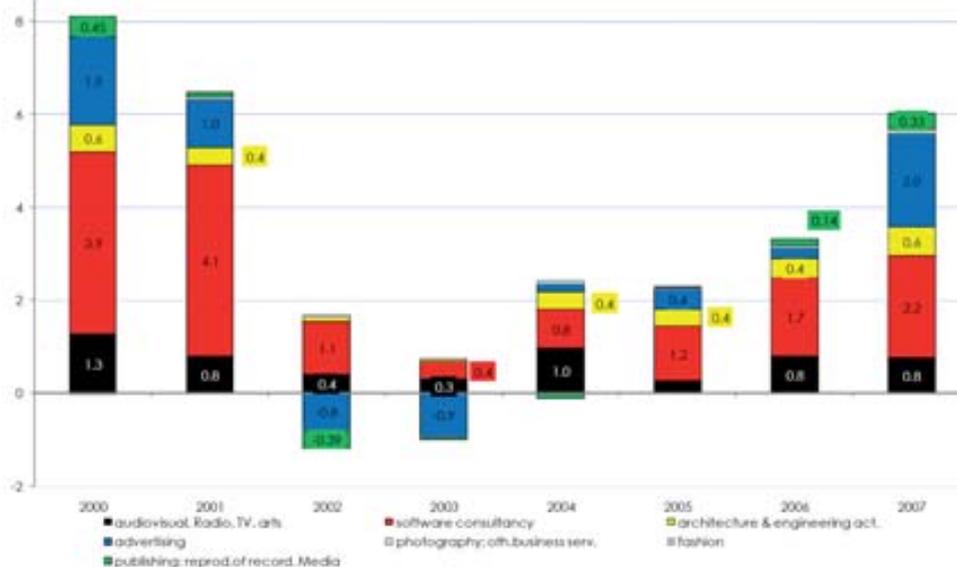
Against the background of new EU funding opportunities for the 2014-2020 period, the Committee of the Regions' conference on 29 January 2014 will bring together policy-makers, experts, creative minds and trend watchers, artists and representatives of European associations and international organisations in order to discuss success stories from cultural and creative sectors and their impact on local development. The event will facilitate 'creative networking' with representatives of selected projects from different cultural and creative institutions, organisations and networks as well as information sessions on the 'Creative Europe' programme. Conclusions of the conference will be discussed during the CoR plenary session on 30 January, and feed into its contribution to the mid-term evaluation of the Europe 2020 strategy and the CoR's 6th European Summit of Regions and Cities in Athens on 7 and 8 March 2014.

More information about the event including speeches, presentations and videos can be found at: <http://cor.europa.eu/en/events/Pages/culture-and-creativity.aspx>

(2) The cultural and creative sector in the EU: economic, social and territorial impact

In recent years, the **definition of "cultural and creative industries (or sectors)"**, has been the subject of numerous papers and debates, mainly with a view to collecting reliable data. In the European Commission's Green Paper¹ of 2010, "cultural industries" are defined as those producing and distributing goods or services which at the time of their development are considered to have a specific attribute, use or purpose which embodies or conveys cultural expressions, irrespective of the commercial value they may have. Besides the traditional arts sectors this definition includes performing arts, visual arts, cultural heritage and the public sector, film, DVD and video, television and radio, video games, new media, music, books and press production. This concept is defined in relation to cultural expressions in the context of the 2005 UNESCO Convention². The Commission's 2010 Green Paper highlights the "strong and distinctive regional dimension" of cultural and creative industries suggesting that policies and support instruments need to be determined locally, building on local specificities and assets and tapping into local resources ("place-based development approach"). Regional strategies should be defined for a medium- to long-term (i.e. 10-20 years) period, combining infrastructure and human capital investments including new business models, creativity and innovation, digitisation, skills and improvement of human capital, and creative partnerships with other sectors.

Subsector contribution to employment growth by the creative industries
EU27, in %, 2000-2007



Source: AIER/WIFO (2011)

Economic activity in the EU's cultural and creative sectors accounts for **3.3% of GDP and employs 6.7 million people** (3% of total employment). There is also a

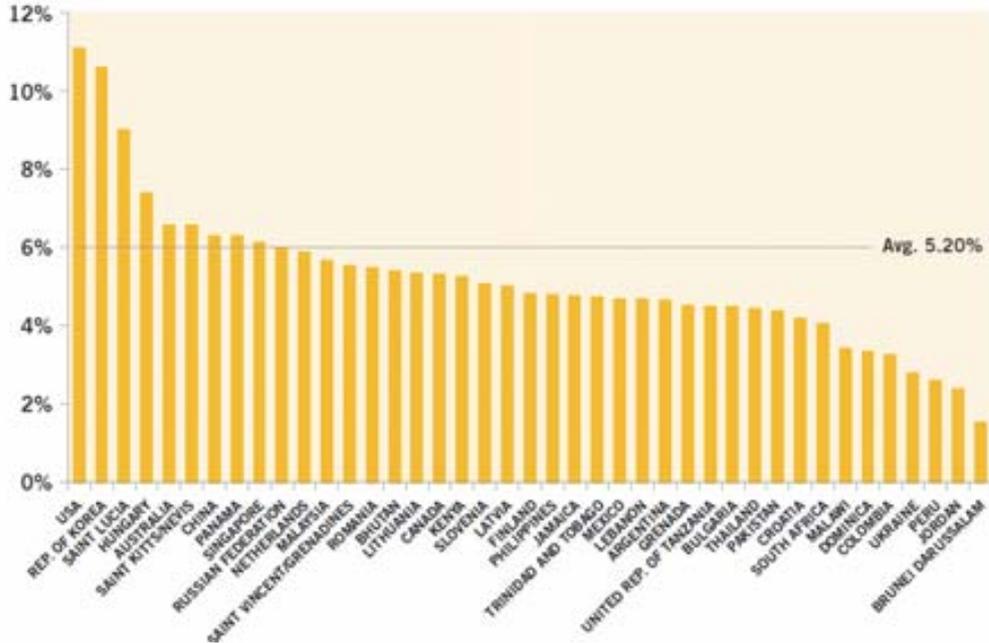
¹ European Commission (2010) *Green paper. Unlocking the potential of cultural and creative industries*, COM(2010) 183 final

² United Nations Educational, Scientific and Cultural Organisation (UNESCO) (2005) Convention on the protection and promotion of the diversity of cultural expressions, Paris (October) <http://www.unesco.org/new/en/culture/themes/cultural-diversity/diversity-of-cultural-expressions/the-convention/convention-text/>

significant contribution from fashion and high-end industries, which account for 3% of EU GDP each and employ 5 and 1 million people respectively. Between 2008 and 2011, employment in the cultural and creative sectors grew above average, but at rates varying according to subsector. Overall employment in creative industries increased by an average of 3.5% a year in the period 2000-2007 compared to 1% a year for the total EU economy. Most of the new jobs in the EU created over the past decade were in the knowledge-based industries where employment increased by 24%. In contrast, employment in the rest of the EU economy increased by just under 6%.³ Some sectors have a high percentage of youth employment⁴.

It is estimated that **1.4 million SMEs operate in European creative industries** with micro-SMEs and free-lancers representing 85% of all actors. With regard to copyright industries, a recent report of the World Intellectual Property Organization⁵ reviewed 40 national studies conducted and suggested that the creative sector is larger than expected in most countries. Research also indicates that copyright industries make a significant overall economic contribution to GDP and that this contribution varies across countries. In three-quarters of the countries surveyed this contribution was between 4 and 6.5%, with an average of 5.2%. Countries that have experienced rapid economic growth typically have an above-average share of GDP attributed to copyright industries.

Contribution of copyright industries to GDP (2013)



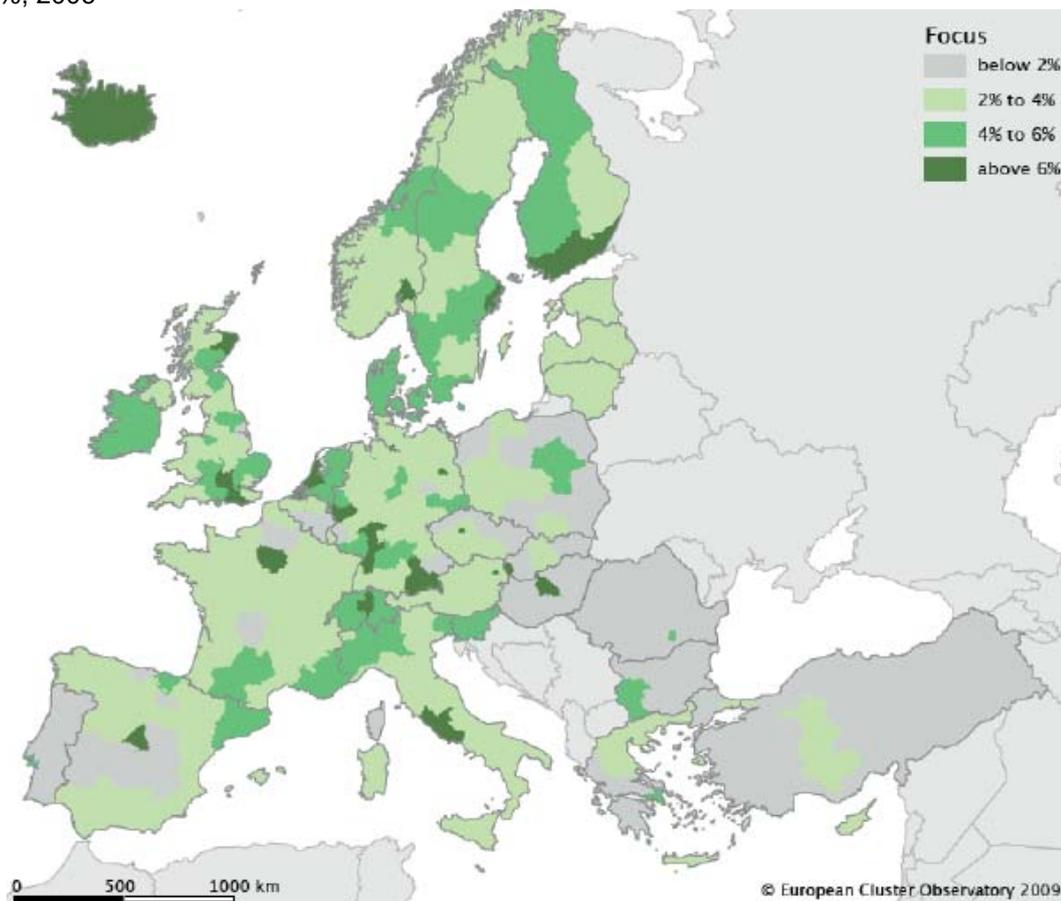
Source: UNESCO/WIPO (2013)

³ European Commission (2011) *A Single Market for Intellectual Property Rights. Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe*; Communication COM(2011) 287 final of 24 May 2011

⁴ European Commission (2012) *Promoting cultural and creative sectors for growth in the EU*, Communication COM(2012) 537 final of 26 September 2012

⁵ World Intellectual Property Organization (2013): *World Intellectual Property Indicators 2013*, Geneva

Employment in the cultural and creative industries at regional level
in %, 2006



Source: European Cluster Observatory 2009

A report by the European Cluster Observatory⁶ confirmed that cultural and creative industries are **concentrated in regions with the highest prosperity levels**. Of the top 15 regions with significant employment shares, all but two were in capital regions. Among these, Inner London (5.95% of total employment), Stockholm (5.87%), Prague (5.81%), and Bratislava (5.01%) had the highest shares while other regions showed above-average growth rates including Seville (7.78%), Southampton (7.22%), Valencia (6.25%), Bilbao (6.51%), Galicia (5.45%) and Lithuania (5.79%) during the 2001-2006 period. Moreover the study confirms that the creative and cultural industries are significant generators of intellectual property, in particular copyrights, and that regions with the largest creative and cultural industries are also among the largest employment centres for copyright-based industries. According to a study⁷ of October 2013, over a third (35%) of European jobs rely on intellectual property rights (IPR) such as patents, trademarks and design rights according to a new pan-European study, and 39% of all European economic activity, worth EUR 4.7 trillion, arises annually from IPR.

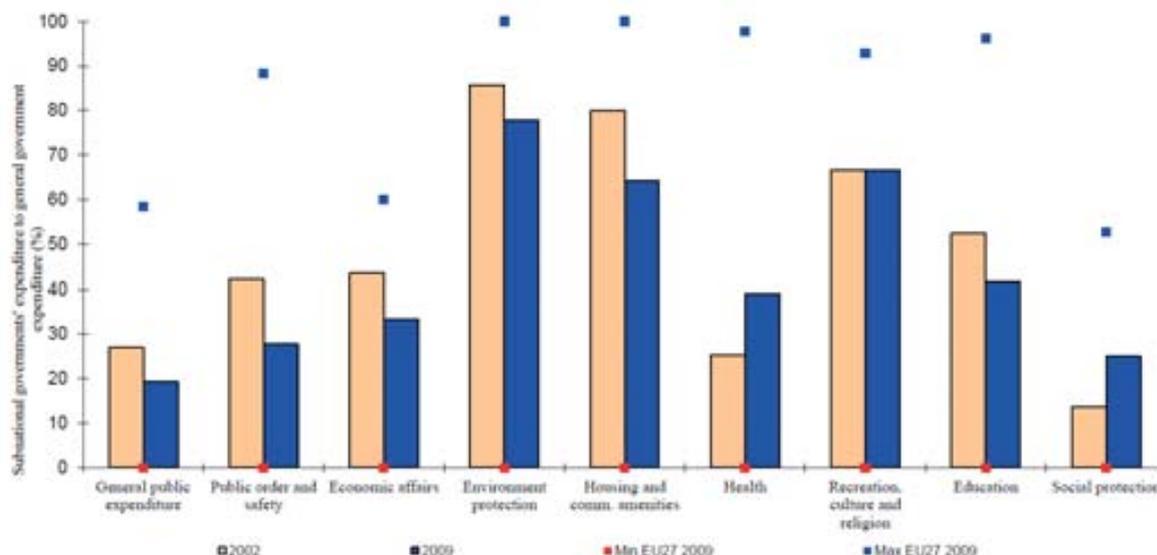
⁶ Power, D./Nielsen, T. (2010) *Priority Sector Report: Creative and Cultural Industries*, Europe Innova/European Cluster Observatory

⁷ European Patent Office/Office for the Harmonisation of the Internal Market (2013) *Intellectual property rights intensive industries: contribution to economic performance and employment in the European Union*, Industry-Level Analysis Report, September 2013, Munich/Alicante

The availability of exact data on **public expenditure** at different levels of government has been subject to repeated concerns. Sources suggest that the average EU level of reported public expenditure on cultural services is in the order of 1.5% of total public expenditure or 0.5% of GDP. On average, 70% of this is expenditure at subnational level, a figure which has remained stable over the past few years.⁸ It appears that performing arts account for the biggest share of this expenditure, followed by museums and libraries.

Subnational public expenditure by function

in % between 2002 and 2009 of total public expenditure, including minimum and maximum shares



Source. European Commission (2012)

As discussed by Chapain, Clifton and Comunian (2013)⁹, the importance of **regional and local strategies** fostering creative industries, the creative economy and the creative class represents a global trend, which started in the mid-1990s in Australia, with the launch of a report¹⁰ and then spread to the United Kingdom and North America. In the past ten years, debates have emerged, including at supranational policy levels in Europe¹¹ and the UN¹², referring to the EU¹³, Asia¹⁴ and other parts of the world.¹⁵ Recently, Sacco et al. (2013)¹⁶ have deepened such analysis with regard

⁸ European Commission (2012) *Report on public finances in EMU*, Brussels, p. 171; Dexia/CEMR (2011) *Subnational public finance in the European Union*, Paris (July 2011), p. 12

⁹ Chapain, C.; Clifton, N., Comunian, R. (2013) *Understanding creative regions: bridging the gap between global discourses and national and regional contexts*, Regional Studies Vol. 47, No. 2, p. 131–134

¹⁰ Department of Communication and Arts (1994) *Creative Nation. Commonwealth Cultural Policy*, Australia (October) <http://apo.org.au/research/creative-nation-commonwealth-cultural-policy-october-1994/>

¹¹ Council of the EU (2007) *Contribution of the Cultural and Creative Sectors to the Achievement of the Lisbon Objectives*, Conclusions. Cult 29, 9021/07 of 8 May 2007, Brussels; European Commission (2010) *Green Paper: Unlocking the Potential of Cultural and Creative Industries*, COM (2010)183 final of 27 April 2010, Brussels

¹² United Nations (2004) *Creative Industries and Development*. Eleventh Session, São Paulo, Brazil, 13–18 June 2004; United Nations Educational, Scientific and Cultural Organisation (UNESCO) (2006) *Understanding Creative Industries: Cultural Statistics for Public-Policy Making*. Global Alliance for Cultural Diversity, Paris; United Nations Development Programme (UNDP)/United Nations Conference on Trade and Development (UNCTAD) (2010) *Creative Economy. Report 2010*, Geneva/New York; United Nations Educational, Scientific and Cultural Organisation (UNESCO) (2013) *Creative Economy Report 2013. Special edition. Widening local development pathways*, Paris

¹³ Musterd S., Murie A. (2010) *Making Competitive Cities*, Oxford

¹⁴ Kong L. and O'Connor J. (2009) *Creative Economies, Creative Cities. Asian–European Perspectives*, New York

¹⁵ Fonseca Reis A. C., Kageyama P. (2009) *Creative City Perspectives. Garimpo de Soluções & Creative Cities Productions*, São Paulo

¹⁶ Sacco, P.L., Ferilli, G., Blessi, G.T., Nuccio, M. (2013) *Culture as an Engine of Local Development Processes: System-Wide Cultural Districts I: Theory, Growth and Change*. A Journal for Urban and regional Policy, Vol 44.4 , p. 555-570 (December)

to the spatial function of clusters introducing “system-wide cultural districts”, where cultural production and participation present significant strategic complementarities with other production chains. In the authors' view, culture drives the accumulation of intangible assets such as human, social, and cultural/symbolic capital, thereby fostering economic and social growth and environmental sustainability. For Heinze and Hoose (2013)¹⁷, the motives for the growing interest in creative industries can be found in the efforts of individual regions to create a distinctive image for themselves in the context of (international) competition to attract investment. Furthermore, the authors assume that interchangeable concepts on culture and creativity have been adopted by political players driven by the wish to implicitly associate their region or city with positive connotations and creative industries, as well as a promise of societal progress, modern forms of work organisation, economic change and local, regional, national or European identity. With regard to urban development and governance arrangements for the support of cultural and creative sectors, recent analyses were presented by Andres and Chapain (2013)¹⁸, Lazzeroni, Bellini, Cortesi and Loffredo (2013)¹⁹ and Lysgård (2012).²⁰

(3) EU legislation and institutional responsibilities

A **competence for culture** was conferred on the EU by the Maastricht Treaty in 1992, empowering the Community to safeguard, disseminate and develop culture by promoting cooperation between the cultural operators of the different EU countries, or to complement their activities with a view to highlighting shared cultural heritage. The Treaty of Amsterdam extended the cultural competence in 1999, requiring the European Community to take cultural aspects into account in its action under other provisions of the TEU, in particular in order to respect and to promote the diversity of its cultures. Finally, in 2009, the Treaty of Lisbon made it clear that in the area of culture the EU continues to have a “supporting competence” excluding any harmonisation of national legislation. Article 167 TFEU also introduces qualified majority voting in the Council and applies the ordinary legislative procedure to all secondary legal acts of the EU in this field.

Moreover, cultural aspects are also relevant to **internal market policies** such as the free movement of artists and of cultural property, to **competition law** including state aids, **trade** restrictions relating to cultural property and **relations with third countries or international organisations**. Article 6 TFEU provides that the EU has supporting competence in the areas of culture, sport and tourism, and Article 167 TFEU specifies this in more detail for cultural aspects. With regard to competition law, article 107(3)(d) TFEU provides that state aid for culture and heritage conservation may be compatible with the internal market and as a result, there is a large body of Commission decisions relating to culture, in fields such as aid to museums²¹, the performing arts²², promotion of languages²³, film²⁴, preservation of

¹⁷ Heinze, R.G., Hoose, F. (2013) *The creative economy: vision or illusion in the structural change?*, European Planning Studies Vol. 21, No. 4, p. 516–535

¹⁸ Andres, L., Chapain, C. (2013) *The integration of cultural and creative industries into local and regional development strategies in Birmingham and Marseille: towards an inclusive and collaborative governance?*, Regional Studies Vol. 47, No. 2, p. 161–182

¹⁹ Lazzeroni, M, Bellini, N., Cortesi, G., Loffredo, A. (2013) *The territorial approach to cultural economy: new opportunities for the development of small towns*, European Planning Studies Vol. 21, No. 4, p. 452–472

²⁰ Lysgård, H.K. (2012) *Creativity, culture and urban strategies: a fallacy in cultural urban strategies*, European Planning Studies Vol. 20, No. 8, August 2012

²¹ See SA. 32643 (2011/N) – Spain – State aid to Basque museums in 2011

²² See SA.32119 (2011/N) – Spain – State aid to activities in the theatre and circus sectors

cultural monuments, video games, and a wide variety of other matters. Other secondary legislation and actions in the area of culture have brought about funding and initiatives, including the "European Capital of Culture"²⁵, an EU programme encouraging citizens' organisations²⁶, an action plan on culture at national and EU levels for 2011-14²⁷ and the establishment of a European Heritage Label.²⁸ Since 2009, the "Education, Audiovisual and Culture Executive Agency" (EACEA) in Brussels has been responsible for managing EU cultural programmes.²⁹ Finally, EU case law has had impacts on the area of culture in particular. The Court has precluded economic objectives, in particular cultural policy protecting a national film industry, being used to justify restrictions on the freedom of establishment.³⁰

At the **European Parliament**, cultural policy comes under the responsibility of the Committee on Education and Culture (CULT). Traditionally, the EP has called for increased budgetary resources for culture, for the situation of those working in the field of culture to be improved, and for Europe's cultural heritage to be more appreciated. Furthermore, the EP favours reduced VAT rates on a wider range of services and goods such as recorded music and films, enhanced free movement of creative people and of cultural products and activities, and a regulatory framework for mobile artists to deal with tax and social security problems. Finally, the EP welcomes the fact that cultural industries have gained stronger recognition at the European level, and made their way into current political agendas. In a recent resolution³¹, the EP called for better development and working conditions and better funding for the cultural and creative sectors, and highlighted the sector's role in local and regional development. Recent CULT reports on cultural affairs concerned the impact of the European Capital of Culture³², the "media"³³ and "culture"³⁴ strand" of the Creative Europe programme, and the use of Structural Funds in cultural projects³⁵. Current own-initiative reports by members of the CULT Committee concern cultural and educational aspects of European gastronomic heritage, historical memory in EU education and culture and the return of unlawfully removed cultural objects.

At the level of the **Council of the EU**, matters related to culture are dealt with by the Council on Education, Youth, Culture and Sport, which meets about four times a year. This Council configuration is supported by specific committees including the Committee on Cultural Affairs. In 2010, the ministers responsible for culture agreed on a "Work Plan for Culture 2011-2014"³⁶, which defines six priority areas including

²³ See SA. 32266 (N 2011) – Spain – Aid for the promotion of the Basque language at the workplace

²⁴ See SA.32465 (2011/N) – United Kingdom, Wales Screen Fund

²⁵ Decision No 1622/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Community action for the European Capital of Culture event for the years 2007 to 2019

²⁶ Decision No 1904/2006/EC of the European Parliament and of the Council of 12 December 2006 establishing for the period 2007 to 2013 the programme 'Europe for Citizens' to promote active European citizenship

²⁷ Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the Work Plan for Culture 2011-2014 [Official Journal C 325 of 2.12.2010]

²⁸ Decision No 1194/2011/EU of the European Parliament and of the Council of 16 November 2011 establishing a European Union for the European Heritage Label.

²⁹ Commission Decision 2009/336/EC of 20 April 2009 setting up the Education, Audiovisual and Culture Executive Agency for the management of Community action in the fields of education, audiovisual and culture in application of Council Regulation (EC) No 58/2003.

³⁰ *Distribuidores Cinematográficos v Spanish State* (1993), ECR I-2239.

³¹ European Parliament (2013) *European cultural and creative sectors as sources of economic growth and jobs*, Resolution adopted on 13 September 2013 (2012/2302 I(NI))

³² European Parliament (2013) *European Capitals of Culture. Long-term effects*, Brussels/Strasbourg (November)

³³ European Parliament (2012) *The "media strand" of the Creative Europe programme 2014-2020*, Brussels/Strasbourg (August)

³⁴ European Parliament (2012) *The "culture strand" of the Creative Europe programme 2014-2020*, Brussels/Strasbourg (September)

³⁵ European Parliament (2012) *The use of structural funds in cultural projects*, Brussels/Strasbourg (July)

³⁶ Council of the EU (2010) *Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the Work Plan for Culture 2011-2014*, O.J. C 325 of 2 December 2010

diversity/intercultural dialogue, cultural and creative industries, skills and mobility, cultural heritage, external relations and statistics. On the former four, working groups of experts from the Member States produced a number of reports in 2012.³⁷ Since, 2010, this approach has continued under the Open Method of Coordination (OMC). At its last meeting in late November 2013, the Council discussed *inter alia* the unlawful removal of cultural objects from the territory of a Member State and media freedom and citizens' rights in the digital environment. Under the Greek Presidency, the Education, Youth, Culture and Sports Council will meet on 24 February and 20/21 May. During the latter, on 21 May, the ministers responsible for culture will debate, among other items, the "Work Plan for Culture beyond 2014" and possibly adopt a Council Recommendation on "European film in the digital era". As part of programme of the Greek Presidency, the Hellenic Ministry of Culture and Sports will organise a conference on "Financing Creativity" on 20 February 2014.

In the **European Commission**, cultural policy is managed by the Directorate-General for Culture and Education (DG EAC), while other DGs are concerned with specific aspects such as industrial policy for the creative sector (DG Enterprise and Industry), digital issues, and information and communication technologies (DG for Communications Networks, Content and Technology), regional and local aspects including the European Regional Development Fund (DG Regional and Urban Policy) and rural development (DG Agriculture and Rural Development). Since 2007, the "European Agenda for Culture"³⁸ has been the European Commission's roadmap applying the OMC in order to mainstream cultural policies into other EU policy fields, to encourage the national authorities, the cultural sector and EU institutions to jointly promote diversity and dialogue, together with culture as a catalyst for creativity and innovation and as part of the EU's international relations. Operating in this context, the European Expert Network on Culture (EENC), set up by the European Commission's Directorate-General for Education and Culture, issues studies and reports³⁹ on a wide range of areas connected to the cultural sector and its policy implications at national, regional and European levels. In July 2013, an evaluation report⁴⁰ on structures and tools set up under the OMC confirmed the effectiveness, efficiency and sustainability of the approach. In September 2012, the Commission highlighted the role of culture and creativity for jobs and growth in a Communication⁴¹ including the need for "multi-layered strategies", taking all levels of government on board.

In the **Committee of the Regions**, cultural policy comes under the responsibility of the Commission on Education, Youth, Culture and Research (EDUC). In an opinion of 30 May 2013 on cultural and creative sectors⁴², the Committee highlighted culture as a tool for local and regional development. It also emphasised the importance of smart specialisation strategies and suggested a "European Creativity Forum" bringing together public, private and voluntary groups to analyse ways in which Europe could apply creative solutions to pressing local and European problems.

³⁷ See: http://ec.europa.eu/culture/our-policy-development/european-agenda-for-culture/involving-the-member-states_en.htm

³⁸ European Commission (2007) *A European agenda for culture in a globalizing world*, Communication COM (2007) 242 final of 10 May 2007

³⁹ See: <http://www.eenc.info/documents-and-links/>

⁴⁰ ECORYS (2013) *Evaluation of the Open Method of Coordination and the Structured Dialogue, as the Agenda for Culture's implementing tools at European Union Level*. Final Report for the European Commission Directorate-General for Education and Culture,

⁴¹ European Commission (2012) *Promoting cultural and creative sectors for growth and jobs in the EU*, Communication COM(2012) 537 final of 26 September 2013

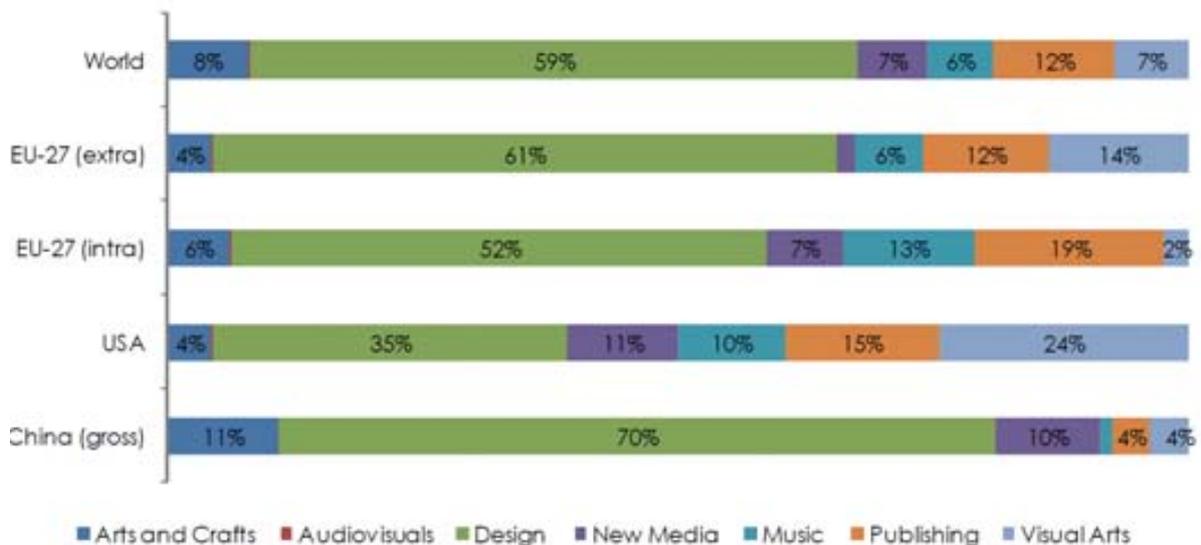
⁴² Committee of the Regions (2013) *Cultural and creative sectors for growth and jobs*, EDUC-V-029 of 30 May 2013 (A. Rombouts)

Moreover, the opinion underlined the importance of learning creative skills from an early age and the need to deal with the consequences of the digital shift. Finally, the Committee stressed the need to simplify the existing rules and increase access to external financing for the cultural and creative sectors, and urged closer integration of culture and creativity in the Europe 2020 strategy; it also called for important links with other policy areas, such as industry, tourism, education and finance to be recognised.

(4) International dimension

The EU is actively promoting aspects of its cultural policy in **international relations**. As a party to the UNESCO Convention on the Protection and the Promotion of the Diversity of Cultural Expressions, the EU supports integration of the cultural dimension as a vital element in Europe's dealings with partner countries and regions. This is also of clear relevance to trade agreements, as the EU has a leading role in the production and trade of goods generated by the creative industries when compared to other world regions. As stated in a report of the Austrian Institute for Economic Research⁴³, the EU comes second after China, with 25% of world share in trade of creative goods with design products dominating (65%), followed by publishing and visual arts with 13% each. In global trade, the fastest growing sector in the EU was new media, while in intra-EU trade, music and audiovisual products had the highest growth rates.

Share of creative industries' domains in exports of creative industries' goods by region in 2008



Source: AIER/WIFO 2011

The **Council of Europe** regularly updates its "Compendium of Cultural Policies and Trends in Europe"⁴⁴, a web-based information and monitoring system of national

⁴³ Falk, R. et al/Austrian Institute for Economic Research (2011) *Innovation and competitiveness in the creative industries*, Vienna (April)

⁴⁴ Council of Europe (2012) *Compendium of Cultural Policies and Trends in Europe* (ERICarts) 13th edition, <http://www.culturalpolicies.net/web/index.php>

cultural policies in 50 member states cooperating under the European Cultural Convention. The compendium is compiled by the European Institute for Comparative Cultural Research (ERICarts) an independent non-profit company bringing together the expertise of local experts from over 40 European countries.

KreaNord is a programme of the Nordic Council countries, aiming to promote cultural and creative industries in Denmark, the Sami Language Area, Finland, the Faroe Islands, Greenland, Iceland, Norway, Sweden and the Åland Islands. With about EUR 2.1 million per year, the programme is divided into two modules: production-based activities, and capacity development for institutions and enterprises in the field of arts, culture and creativity. On 31 October 2013, the Nordic Ministers of Culture adopted a new strategy for Nordic cultural co-operation 2013-2020 on 31 October 2012. The strategy emphasises five topics: the Sustainable Nordic Region, the Creative Nordic Region, the Inter-cultural Nordic Region, the Young Nordic Region and the Digital Nordic Region. The new strategy is supplemented each year by a Presidency Programme for the Culture sector. The Nordic Council of Ministers together with Baltic Sea Region will hold a conference on the role of the cultural and creative industries on 3 April 2014 in Brussels.

Founded in 2012, the **World Cities Culture Forum** is a global initiative on culture and the future of cities. It comprises 21 cities from all continents including Amsterdam, Berlin, London and Paris. The Forum's focus is on research and policy development and a report issued in 2013⁴⁵ defines the Forum's research programme in detail.

(5) EU funding for regional and local authorities and cultural actors and industries

EU funding for cultural activities of regional and local authorities, organisations and the creative industries can come from different programmes. Of these, such as the Culture programme - including the European Capital of Culture and awards in the fields of cultural heritage, architecture, literature, music and film – and the MEDIA and the Media Mundus programme for the audiovisual industries have been the most visible for more than 20 years. For cultural activities in the context of local and regional development strategies, the EU structural funds are the most important. Funding is also available from the European Agricultural Fund for Rural Development (EAFRD) in the context of village renewal and diversification of economic activities and rural tourism, and from the EU's research programme on digital, information and communication technologies.

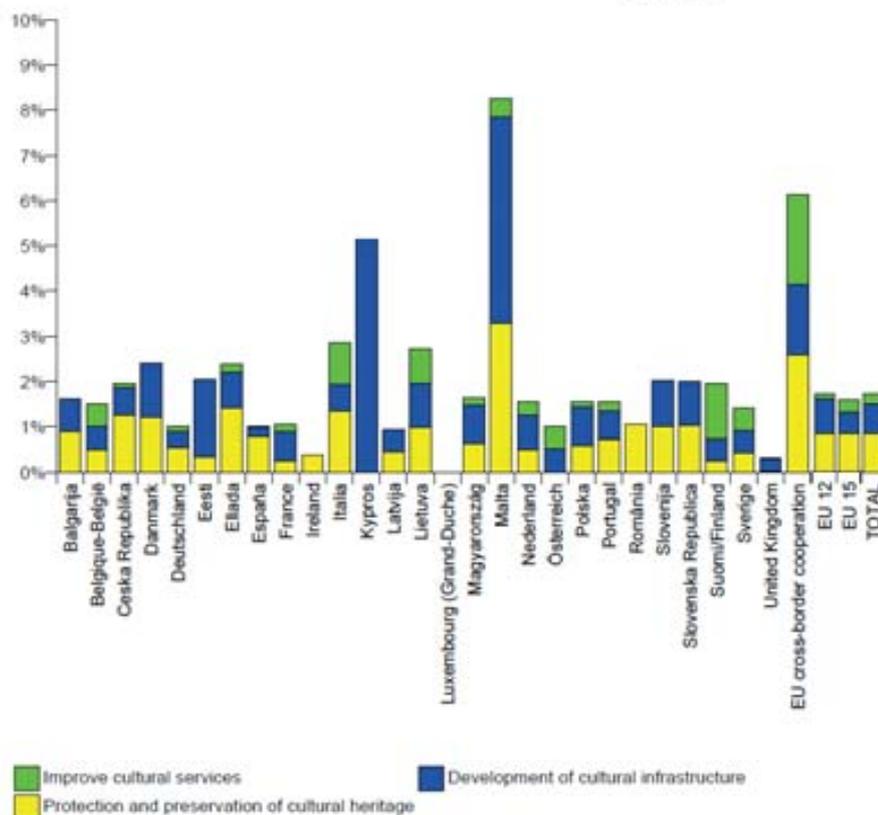
Between **2007 and 2013**, the Culture programme promoted the transnational mobility of people working in the cultural sector, encouraged the transnational circulation of artistic and cultural works and products, and promoted intercultural dialogue, with an overall budget of EUR 400 million for cross-border cooperation projects and initiatives between cultural operators and institutions. The EU structural funds, namely the European Regional Development Fund (ERDF) and the European Social Fund (ESF), support cultural and creative industries, for example by encouraging cultural heritage for business use and by supporting the restructuring of urban areas

⁴⁵ World Cities Culture Report (2013), London
http://www.worldcitiescultureforum.com/sites/default/files/publications/WCCR2013_low.pdf

in crisis. Moreover, the ERDF can support creative businesses as they are a source of common identity and shared values, two notions that are typically closely linked with the regional and local dimension. Between 2007 and 2013, EU Structural Fund expenditure on culture amounted to over EUR 6 billion, representing 1.7% of the total budget. EUR 3 billion were allocated for the protection and preservation of cultural heritage, EUR 2.2 billion for the development of cultural infrastructure, and EUR 775 million to support cultural services. In addition, support for creative industries was provided under other headings, such as research and innovation, promotion of small and medium-sized enterprises, the information society and human capital.⁴⁶

EU Structural Fund expenditure on culture 2007-2013

Planned, in % of national allocations



Source: European Commission, DG Regional and Urban Policy

The new **Creative Europe**⁴⁷ programme for 2014 to 2020 will bring together the Culture, MEDIA and Media Mundus programmes of the previous period, with a budget of EUR 1.46 billion. It will provide funding for at least 250 000 artists and cultural professionals, 2000 cinemas, 800 films and 4500 book translations, at the same time as launching a new financial guarantee facility enabling small cultural and creative businesses to access up to EUR 750 million in bank loans. The new programme includes a Culture sub-programme, supporting performing and visual arts, heritage and other areas, and a MEDIA sub-programme, which will provide funding for the cinema and audiovisual sector. A new cross-sectoral strand will support policy

⁴⁶ Working Group of EU Member States experts on cultural and creative industries (2012) *Policy handbook on how to strategically use the EU support programmes, including Structural Funds, to foster the potential of culture for local, regional and national development and the spill-over effects on the wider economy?*, Brussels

⁴⁷ Regulation (EU) No. 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014-2020) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC, O.J. L 347 of 20 December 2013

cooperation, transversal measures and the new financial guarantee facility, which will be operational from 2016.

The total budget of the **European Structural and Investment Funds**⁴⁸ between 2014 and 2020 will be in the order of EUR 475 billion⁴⁹, representing approximately 44% of the total EU budget. Aimed in general at enhancing economic, social and territorial cohesion across the EU, the five funds concerned will be delivered through 420+ national and regional programmes, which are due to be adopted in 2014 following national “Partnership Agreements“. Financial and thematic concentration within these programmes follows a system of eleven thematic priorities with varying relevance for the three existing categories of regions, i.e. less developed, transition and more developed regions. Five of the eleven priorities are compulsory, and must be addressed in all regions: innovation and research (“smart specialisation”), the digital agenda, support for small and medium-sized businesses, the low-carbon economy (supported by the ERDF), and training/social inclusion (supported by the ESF). The amount dedicated to the cultural and creative sector will only be known once programming is finalised. Point 6.4 of Annex 1 to the so-called Common Provisions Regulation on the Common Strategic Framework covering all the funds stipulates that programmes reflect the diversity of European regions including “cultural, landscape and heritage” features. While this may be seen as a cross-cutting “soft“ provision, two of the five fund-specific regulations refer to cultural issues. The ERDF⁵⁰ may invest in “health and social infrastructure”, which aims at reducing inequalities including through “cultural services” under the thematic objective “promote social inclusion and to combat poverty and any discrimination“. Under the ‘digital agenda’ objective, regional strategies must refer to “enhancing access to, and use and quality of, information and communication technologies” including “e-culture“. Last not least, support for cultural and creative industries may fall under the “smart specialisation” and “SME” priority in the case of regional strategies referring to the former. Moreover, cross-border, transnational and interregional cooperation programmes, which will be supported by the ERDF under the “European territorial cooperation” objective⁵¹, can also support projects. For rural development programmes, the EAFRD⁵² regulation specifies that “basic services and village renewal in rural areas” may be supported by “studies and investments” aiming at “maintenance, restoration and upgrading of the cultural and natural heritage of villages“.

⁴⁸ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006; OJ L 347 of 20 December 2013

⁴⁹ In current prices of which EUR 466.8 billion for cohesion policy instruments (ERDF, ESF, Cohesion Fund), EUR 95.6 billion for rural development (EAFRD) and EUR 7.4 billion for aid to the fisheries sector and maritime regions (EMFF).

⁵⁰ Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006; OJ L 347 of 20 December 2013

⁵¹ Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal; OJ L 347 of 20 December 2013

⁵² Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005; OJ L 347 of 20 December 2013

EU Cohesion policy 2014-2020: eligible regions, budget and thematic concentration by category of regions

Total allocations of Cohesion Policy 2014-2020¹

(million €, 2011 prices) (provisional)

BE	2 061	LU	57
BG	7 153	HU	20 498
CZ	20 585	MT	684
DK	494	NL	1 250
DE	17 207	AT	1 114
EE	3 369	PL	72 823
IE	1 017	PT	19 599
EL	14 443	RO	21 826
ES	25 116	SI	2 891
FR	14 288	SK	13 086
HR	8 029	FI	1 325
IT	29 341	SE	1 840
CY ²	703	UK	10 364
LV	4 236	IC ³	500
LT	6 434	Total	322 332

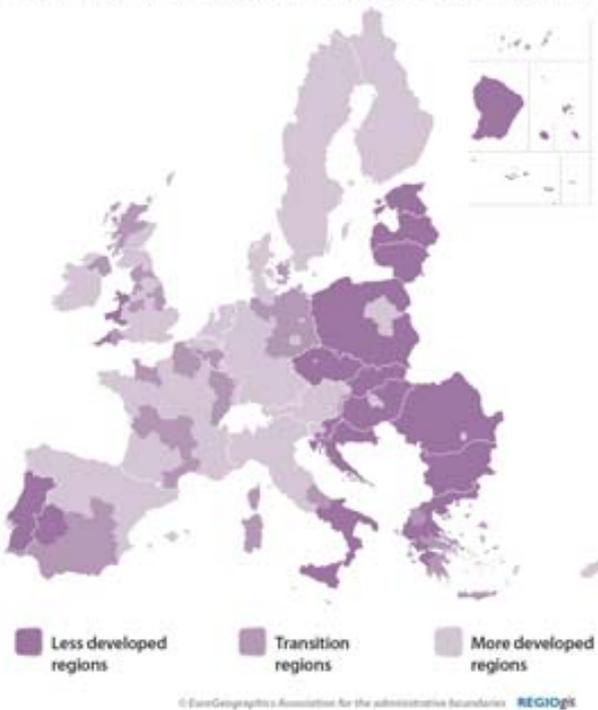
¹ The youth employment initiative (top up) of EUR 3 billion is not included in the table

² Including an additional allocation of EUR 186.6 million to be financed within the annual budgetary procedure in 2014 and 2015 using available margins or the flexibility instrument

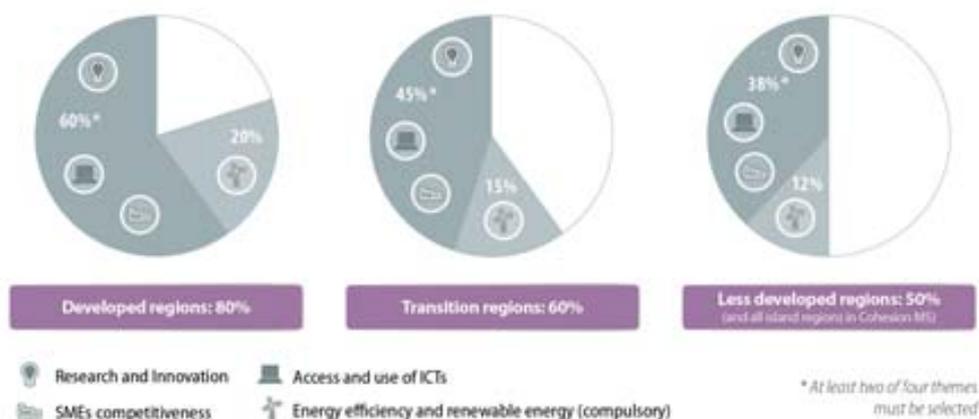
³ Interregional cooperation

EUR 325 billion between 2014-2020 for smart, sustainable and inclusive growth

(more than 70% of this amount will be spent in the less developed regions and member states)



Thematic concentration of the ERDF



Source: European Commission, DG Regional and Urban Policy/CoR

As part of the EU's research and innovation programme for 2014-2020, **Horizon 2020**, a work programme for 2014/15 under the "leadership in enabling and industrial technologies" strand will support projects in the field of "innovative ICT solutions for creative industries SMEs". Managed by the European Commission's DG Connect, the call for proposals seeks to attract "innovative actions" by ICT providers and SMEs in creative sectors, or "coordination and support actions" including a network of "ICT-driven innovation suppliers active in the creative industries sectors". Projects with a

duration between six and 18 months and a budget between EUR 0.5 and EUR 1 million may be proposed by 23 April 2014. The total budget for this call is EUR 15 million, 14 million of which are earmarked for “innovative actions”.⁵³

By way of example, the following are some **regional strategies and European networks** supporting the cultural and creative sector:

- **CREATIVE.NRW** is an initiative of the Economic Affairs and Energy Ministry of the German region of North Rhine-Westphalia (NRW), following an interdisciplinary strategy focusing on eleven creative industry segments. In NRW, the latter account for EUR 36 billion turnover and 315 000 jobs in 50 000 businesses, ranking third in the regional economy. As a cluster initiative, CREATIVE.NRW facilitates access to finance, new markets, timely qualifications, flexible working environments and efforts to build up a good reputation.
- In Belgium, **Flanders DC** is the Flemish organisation promoting entrepreneurial creativity. It carries out research into creativity, innovation, entrepreneurship and creative industries, and organises events and networking activities to develop arts and culture, as well as creative industries as drivers of innovation in business and society. Flanders DC is also active in the international District of Creativity (DC) Network, and will host the Creativity World Forum in November 2014.
- In Italy, the **Romagna Creative District** (RCD) aims to connect and share the creative resources of individuals and companies to spark off creativity and boost the economy of this Italian region. The network covers twelve creative sectors as identified by the European Union, including communications, art, design, architecture, theatre, music and photography, and it has about 1 300 members. Launched in 2009, RCD is an association part-financed by companies and the EU which organises events to foster networking such as the Festival of Creative Industries.
- In 2013, Wallonia in Belgium and Tuscany in Italy were declared **European creative districts** by the European Commission. The idea of “European creative districts” was initiated by the European Parliament and implemented through two grant agreements by DG Enterprise and Industry, to demonstrate that “old” industrial regions can be transformed through innovation and creativity strategies. In **Wallonia**, a strategy and a framework programme called “Creative Wallonia” has existed since 2011 with an annual budget of EUR 8 million for business support, policy learning and cluster activities. In **Tuscany**, the CREATE project is targeted at the innovation potential of micro enterprises and SMEs in the textile sector, building stronger branding of the whole textile district (“fashion valley”) and engaging in strategic and collaborative international cluster cooperation with other textile and creative districts in Europe and beyond.
- The **European Creative Industries Alliance** (ECIA) was set up in 2013 under the EU’s Competitiveness and Innovation Programme and combines policy learning with eight concrete actions on innovation vouchers, better access to finance, and cluster excellence and cooperation. ECIA is an open platform that brings together policy-makers and business support practitioners from 28 partner organisations

⁵³ For more information, see: http://cordis.europa.eu/fp7/ict/creativity/creativity_en.html

and 12 countries. Its overall aim is to shape a community in Europe that actively supports creative industries as a driver for competitiveness, job creation and structural change by developing and testing better policies and tools for creative industries. Within the ECIA, “Cluster 2020” facilitates transnational support for creative industry clusters, and the “European Creative Cluster Lab” carries out studies on new approaches and processes for creative cluster management in creative and traditional European industries.

- The **District of Creativity (DC) Network** was founded in 2004 and unites 14 of the most creative and innovative regions around the world, including the EU regions of Baden-Württemberg, Catalonia, Central Denmark, Flanders, Lombardia, Nord-Pas Calais, Rhône-Alpes, Scotland and Tampere. With a focus on fostering the exchange of best practices and experiences of stimulating creativity and innovation in business, culture and education, the network carries out studies, projects and events such as the “Creativity World Forum“, which this year will be held in Flanders on 4-6 November 2014.
- In March 2012, the **CreArt** project – a consortium of 14 EU cities - was selected for a grant of EUR 3.4 million from the EU’s Culture programme for a five-year period. The aim is to stimulate artist and artwork mobility, to promote the exchange of good practices in all areas surrounding the visual arts, and to develop other forms of networking and exchange activities including public-private partnerships.
- Between 2010 and 2013, the **Creative Cities** project received EUR 2 million from the European Regional Development Fund through the CENTRAL EUROPE programme in order to foster exchanges relating to local development strategies for the creative industry sector in Leipzig, Genoa, Gdansk, Ljubljana and Pecs. The project’s deliverables included studies, events and recommendations, e.g. on transnational cluster policy tools.
- Funded by the European Regional Development Fund through the Baltic Sea programme between 2011 and 2013, the "**Urban creative poles**" project consisted of a network of cities and research institutes from five countries including Cottbus (Germany), Klaipeda (Lithuania), Zielona Gora (Poland), Linköping (Sweden) and Tartu (Estonia). Activities carried out included local SWOT analyses of the creative sectors, conferences, and local activities such as exhibitions, design weeks etc. Other project deliverables were e-learning tools and a database of companies.

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