

## **ECCIA contribution to the Parliament report “Coherent industrial policy for innovation in creative industries”**

### **I. High-end CCIs as a key driver of the European economy**

High-end cultural and creative industries (CCIs) are key drivers of competitiveness, growth, and jobs in Europe:

- Between 2010 and 2013, high-end CCIs grew by 28% and created over 200,000 jobs in Europe;
- They enjoy an annual output of €547 billion (4% of the EU GDP) and employ 1,7 million people in Europe.
- They export on average 62% of their output, which represents 17% of the EU’s total merchandise exports (€308 billion)<sup>1</sup>.

Our sector is characterised by the emergence of new players -which are essentially SMEs- in an increasingly competitive global environment. They represent a strong potential for growth and jobs in Europe, while reinforcing Europe’s influence on the global stage thanks to their export-led business models.

The reinforcement of our substantial contribution to the European economy will strongly depend on our ability to preserve the desirability and quality of our products, to use stable and secure distribution networks, to promote non-technological innovation, while at the same time ensuring consumer trust in the authenticity of our products.

In order to do so, it is important that the European Parliament, based on a harmonised definition of CCIs that includes fashion and high-end industries, continues to support all the sectors that form part of cultural and creative industries in order to fully exploit their growth potential and further expand their contribution to Europe’s competitiveness and jobs.

With this objective in mind, ECCIA welcomes the European Parliament’s initiative report on a “Coherent industrial policy for innovation in creative industries”.

### **II. Opportunities and challenges for European high-end CCIs**

European decision-makers have a strong role to play in the creation of an appropriate legislative framework supporting the development of European high-end cultural and creative industries (CCIs). In order to do so, it is important to understand the challenges and opportunities that those industries face, as well as certain issues that are specific to them.

This section focuses on two key challenges that our industry faces, namely the reinforcement of the European framework for the protection of intellectual property rights (IPR) online and offline and the promotion of skills and vocational training. For each of them, it will present a set

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<sup>1</sup> Source: Frontier Economics (2014). *The contribution of high-end cultural and creative industries to the European economy*.

of specific policy recommendations which, if adopted, will benefit the development of high-end CCIs and further strengthen their contribution to the European economy and society at large.

## **1) Protecting high-end CCIs' intellectual property rights online and offline**

Intellectual property lies at the heart of high-end cultural and creative industries' business model. It is the result of our companies' investments and innovation. As such, the success of our industries strongly relies on the existence of a solid framework of intellectual property rights (IPR).

In particular, counterfeiting affects the desirability as well as consumers' trust in the authenticity of our products. More importantly, the sale of counterfeited products has become a means to finance organised crime, terrorism and to spread exploitation of workers in less developed countries and has a tremendous economic cost on the EU economy<sup>2</sup>.

While the number of counterfeited articles has more than doubled between 2007 and 2013, the number of detained articles has decreased from 80,000/year in 2007 to less than 20,000/year in 2013<sup>3</sup>. In addition, recent studies have pointed towards a worrying trend that counterfeiting is becoming increasingly socially acceptable, especially for younger generations<sup>4</sup>. Furthermore, the import of counterfeited products for personal use in the EU<sup>5</sup> is currently not explicitly forbidden under the existing EU legal framework.

Of particular concern is the recrudescence of online counterfeiting. It is in constant geographical expansion and its scope is now comparable to the strongest European industrial sectors. The latest figures published by the Business Action To Stop Counterfeiting and Piracy (BASCAP), based on OECD studies, only confirm its exponential growth rate: the global value of counterfeited and pirated goods grew from \$650 billion in 2008 to an estimated value of \$1.7 trillion in 2015. This is equivalent to the annual GDP of Canada.

As such, the proliferation of online counterfeiting constitutes a major threat to the achievement of the European Digital Single Market and an obstacle to the growth of high-end cultural and creative industries.

European brand owners invest considerable amounts of resources (both human and financial) to fight against counterfeiting. However, it is not enough. All actors of the supply chain, both online and offline, should take proactive measures in the fight against counterfeiting. In addition, national authorities (including custom authorities, tribunals, etc.) need to better cooperate in order to address the issue of counterfeiting, which becomes increasingly cross-border by nature.

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<sup>2</sup> See The European Observatory on infringements of Intellectual property rights sectorial studies showing the extent of counterfeiting and its tremendous impact on jobs in the European Union.

<https://oami.europa.eu/ohimportal/en/web/observatory/quantification-of-ipr-infringement>

<sup>3</sup> See DG TAXUD figures on counterfeiting:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_controls/counterfeit\\_piracy/statistics/](http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/)

<sup>4</sup> 43% of people aged 18-25 have already consciously bought a counterfeited product (Ernst & Young (2012), Intellectual Property Protection - Strategien für einen wirksamen Schutz geistigen Eigentums). In addition, 90% of young people claim that counterfeiting is "socially acceptable" (Ernst & Young (2012) Pirates of the 21st Century - the consumer good industry under attack).

<sup>5</sup> Except in France, Italy and Portugal.

### **ECCIA Policy recommendations**

#### **a) Rebalancing the responsibilities in the fight against online counterfeiting among all actors of the value chain**

Efficiently addressing the proliferation of online counterfeiting requires a rebalancing of responsibilities among all actors of the digital value chain. In order to do so, right owners have been advocating for a modernisation and reinforcement of the existing European legal framework to strengthen the fight against counterfeiting through the introduction of a duty of care principle, which applies to all actors of the digital value chain.

It could be defined as the obligation for online platforms to “act with diligence by taking any proactive reasonable and appropriate measures in order to protect consumers and intellectual property right holders against the promotion, marketing and distribution of counterfeit products”.

#### **b) Raising awareness about the dangers and implications of counterfeiting**

Latest studies published by the European observatory on infringements of intellectual property rights have shown that there is still a lack of awareness among the general public, and especially among younger generations on the social and economic impacts of counterfeiting. As a matter of fact, 52% of Europeans between age 15 and 24 think that acquiring counterfeit products is a smart purchase that enables to access the desired products, while 49% of them perceive it as an act of protest and a way to resist to the market-driven economy. Therefore it is clearly important to recall that counterfeiting is not a “victimless” crime, and to better communicate in particular on the existing links between counterfeiting, organised crime, and terrorism.

The awareness-raising campaigns of the general public, such as those organised by national organisations must continue and develop, especially in the form of participatory campaigns on the internet, press campaigns, documentaries, investigations, books and awareness-raising of young people in schools and colleges through the introduction of these notions in school curricula (such as the program for American students between the ages of 11 to 14 by National Geographic, entitled *Illicit: The Dark Trade* lesson “The Economics of Ideas” ).

At the initiative of Comité Colbert, UNESCO recently launched the *#Committed to Heritage and Creativity* campaign, which aims to raise public awareness on the importance of creativity and cultural heritage. The objective is for this campaign to be rolled out UNESCO’s 195 Member States. It could be interesting that the EU 28 Member States be the first countries to endorse this campaign, whose development would allow focusing the public’s attention on the critical and often overlooked cultural and ethical components of the debate on intellectual property rights.

### **2) Promoting skills and vocational training**

High-end cultural and creative industries create jobs: they employ 1.7 million people and created close to 200,000 jobs in Europe over the past three years. Based on production in

# European Cultural and Creative Industries Alliance

Europe, they invest over €700 million every year in vocational training<sup>6</sup>, thereby contributing to the preservation of traditional European savoir-faire.

As such, high-end cultural and creative industries represent a source of hope for the younger generations. They rely on a highly-skilled and creative workforce, which constitutes one of the key pillars of their business model. However, there is a need to address the gap between industry needs and the availability of highly-skilled workforce at EU level. European policy-makers have already identified this problem. There is therefore a need to work hand in hand with EU and national stakeholders to:

- Re-valorise highly-skilled workforce to attract and create talents;
- Promote vocational training in the high-end sector as an attractive and rewarding career path providing lifelong learning;
- Raise awareness about career opportunities in manufacturing jobs through awareness campaigns and policies promoting the transmission of knowledge;
- Raise awareness about the high-end sector through its *savoir-faire* among young creative people.

## **ECCIA Policy Recommendation**

### **a) Creation of a European title of “Master of Arts”**

Inspired by the Japanese concept of “living national treasure”, France created in 1994 the title of “Master of Arts”, which rewards craftsmen who detain a specific and rare know-how and who have contributed to the development of their craft through the development of innovative techniques.

Once obtained, the title of “Master of Arts” is valid for life. It engages its holder in the transmission of its craft. In order to do so, he gets the opportunity to choose an apprentice and receives funding to ensure the transmission of its craft (through a three-year training process).

The creation of a title of “European Master of Arts” would have several benefits. First of all, it would strengthen the links between the different existing clusters of craftsmanship that exist in Europe. In addition, it would contribute to a revalorisation of European craftsmen by awarding them recognition at EU level. Finally, and most obviously, it would help preventing the disappearance of certain traditional, precious, and rare know-how, which lie at the heart of Europe’s cultural heritage.

### **b) Creation of a European network of Design/Applied Arts/Fashion schools working with the high-end sector**

This network would function as an exchange platform in order to disseminate best practices of collaboration between the education sector and the industry. Such collaboration is truly crucial in order to align the teaching of skills with the true needs of the industry in terms of professional qualifications.

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<sup>6</sup> “The contribution of high-end cultural and creative industries to the European economy”, Frontier Economics (2014).

# European Cultural and Creative Industries Alliance

## **About ECCIA**

The European Cultural and Creative Industries Alliance (ECCIA) is composed of the five major European high-end goods and creative industries organisations: Circulo Fortuny (Spain), Comité Colbert (France), Fondazione Altagamma (Italy), Meisterkreis (Germany) and Walpole (UK), who between them represent over 400 high-end brands and cultural institutions.

Based on art, culture and creativity, our work is underpinned by continuous innovation, a relentless focus on quality, highly skilled employment and strong export abroad. Our members strive for the highest quality in all they do, from products and services all the way to the experience offered to consumers.