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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Promoting cultural and creative sectors for growth and jobs in the EU

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1. A LARGELY UNTAPPED RESOURCE FOR THE EU 2020 STRATEGY

At the heart of our social fabric, culture shapes our identities, aspirations and relations to others and the world. It also shapes the places and landscapes where we live, the lifestyles we develop. Heritage, visual and performing arts, cinema, music, publishing, fashion or design manifest themselves strongly in daily life but the contribution that cultural and creative sectors¹ can bring to social and economic development in the EU is still not fully recognised. Furthermore, major challenges are brought about by globalisation and the digital shift but the necessary adaptations are yet to be promoted to allow these sectors to realise their full potential and Europe's long-standing excellence to be better valorised as a comparative advantage on the world scene. This Communication proposes a strategy to exploit further the potential of these sectors in the EU to contribute to growth and jobs.

High growth sectors

The economic performance of the cultural and creative sectors is recognised: in the EU they account for 3.3% of GDP and employ 6.7 million people (3 % of total employment)².

Figures are also important if one considers the fashion³ and high-end⁴ industries, which rely on a strong cultural and creative input. They account for 3% of the EU GDP each and employ respectively 5 and 1 million people, with employment in the high-end industries expected to reach 2 million by 2020⁵.

Between 2008 and 2011, employment in the cultural and creative sectors proved more resilient than in the EU economy as a whole⁶ with growth rates varying however between sub-sectors. This tendency is all the more interesting because some sectors have a higher percentage of youth employment than the rest of the economy.

¹ Covering in particular architecture, archives and libraries, artistic crafts, audio-visual (including film, television, video games and multimedia), cultural heritage, design (including fashion design), festivals, music, performing and visual arts, publishing and radio

² 2010 European Competitiveness Report. Other sources have estimated it higher at 4.5% of GDP and 8.5 million people employed (TERA Consultants, 2010).

³ Including design, manufacturing of fashion materials and goods, and their distribution

⁴ Covering in particular high-end fashion, jewellery and watches, accessories, leather goods, perfumes and cosmetics, furniture and household appliances, cars, boats, as well as gastronomy, hotels and leisure

⁵ Competitiveness of the EU fashion industries, Idea Consult, 2012; The value of the cultural and creative industries to the European economy, Frontier Economics, 2012

⁶ Source: Eurostat (EU-LFS)

In some cases, at local and regional level, strategic investments in these sectors have delivered spectacular results. In particular, festivals and European Capitals of Culture produce important economic benefits, with sometimes more than ten times leverage for each euro invested.

Catalysts for innovation

Being at the crossroads between arts, business and technology, cultural and creative sectors are in a strategic position to trigger spill-overs in other industries. They fuel content for ICT applications, creating a demand for sophisticated consumer electronics and telecommunication devices. Culture and creativity have also direct impacts on sectors such as tourism and are integrated at all stages of the value chain of other sectors such as fashion and high-end industries, where their importance as key underlying assets is increasing⁷.

More generally, these sectors have an impact on innovation in other industries. As highlighted in the Innovation Union⁸, innovation is increasingly driven by non-technological factors such as creativity, design and new organisational processes or business models. It heavily relies on creative eco-systems in which the quality and diversity of partnerships across different sectors and types of actors is decisive. The most obvious example is the wider use of design in manufacturing industries, adding value to products, services, processes and market structures. Firms spending twice the average amount on creative inputs are 25% more likely to introduce product innovations⁹.

This catalytic potential can also constitute a fundamental resource for social innovation and responses to major societal challenges, such as climate change, sustainable development, demographic changes or cultural diversity¹⁰. For example, in partnership with the education and vocational training sector, the cultural and creative sectors can contribute to developing the blend of skills around creativity and entrepreneurship, critical thinking, risk taking and engagement, which is needed for EU's competitiveness in the knowledge society.

A key element in global competition and soft power

Europe's international partners already invest a lot in the cultural and creative sectors. The US has been investing in them for decades both as strategic economic sectors and a tool to affirm their presence globally. Others, such as China, South Korea or India, are also making massive investments to boost their economic potential and 'soft power'. To do so, they enter into a global competition for creative talents. For example, in China, public investment in culture has grown by 23% annually since 2007, and plans are to raise the sectors' share of GDP from 2.5% to 5-6% by 2015¹¹.

While European fashion and high-end industries contribute increasingly to EU exports¹² and the promotion of European excellence in the world, the potential of other sectors, such as cinema or music, is still not strategically exploited abroad. The challenge is both to increase

⁷ As seen in "fast fashion", bringing to market several new collections a year

⁸ COM(2010) 546

⁹ Creating Innovation: Do the creative industries support innovation in the wider economy?, NESTA 2008

¹⁰ Sostenuto – Culture as a factor of economic and social innovation, 2012. KEA European Affairs – Study on the impact of culture on creativity, 2009

¹¹ China 12th Five-Year Plan (2011–2015)

¹² For instance 62% of all goods manufactured by European high-end brands are sold outside Europe and the value of their exports is estimated at €260 billion (e.g. approximately 10% of all European exports).

exports to the benefit of EU's economy, and forge a dynamic image of an attractive and creative Europe open to cultures and talents from across the world.

2. TURNING CHALLENGES INTO NEW GROWTH AND JOBS OPPORTUNITIES

The cultural and creative sectors are faced with a rapidly *changing environment driven by the digital shift and globalisation*, leading to the emergence of new players, the coexistence of very big structures with micro-entities, a progressive transformation of value chains and evolving consumer behaviour and expectations. While these changes offer great opportunities in terms of lower production costs or new distribution channels, they call for action at different levels.

In this changing context, *access to finance* remains a major difficulty: the banking sector does not have the necessary expertise to analyse business models in these sectors and does not adequately value their intangible assets. The financial and economic crisis only makes this situation more critical at the very time when investments are needed to adapt.

These sectors are also characterized by a high *fragmentation along national and linguistic lines*. While the resulting cultural diversity is a clear European asset, this leads to limited and sub-optimal transnational circulation of cultural and creative works and operators within and outside the EU, geographical imbalances and - subsequently - a limited choice for consumers.

Powerful *dynamics take place at the borderlines between various sectors* (for instance, through increased linkages between gaming, film and music) and with other industries (such as fashion, high-end or tourism). However, the sectors and policies are still often organised in sectoral silos, limiting the scope for synergies and the emergence of new solutions and businesses.

All these challenges affect the various sectors in different ways, but they call for a comprehensive strategic response involving all actors starting from the local up to the EU level.

3. THE NEED FOR A MULTI-LAYERED STRATEGY – THE ROLE OF MEMBER STATES

A holistic approach for integrated strategies

Despite the great diversity of national and regional contexts, the development of successful strategies that can turn the challenges above into new growth and jobs opportunities in the EU usually follows the same pattern of logical steps¹³.

As a general rule successful strategies for the cultural and creative sectors build on a full mapping and mobilisation of the cultural and creative resources of a given territory. They are holistic, calling for partnerships between various departments (culture, industry, economy, education, tourism, territorial planning etc.) and involving all relevant public and private stakeholders to increase ownership. Strategies must also be underpinned by research to ensure effectiveness, efficiency and sustainability. For each relevant issue - from skills development to access to finance or access to world markets etc. - these strategies identify what can be tackled by generic policies and instruments and what requires a tailored approach. This is true for all levels of governance: the local, regional, national up through to the European level.

¹³ See <http://ec.europa.eu/culture/our-policy-development/documents/120505-cci-policy-handbook.pdf>

In recent years, while some Member States, regions and cities, such as the UK, Estonia, Wallonia, Puglia, Barcelona, Amsterdam to name a few, have been good at tapping into the extraordinary potential of the cultural and creative sectors as a way to promote socio-economic development and progressively developed *ad hoc* strategies, others are only just starting. Where strategies have emerged, they tend to focus on the strengthening of these sectors and not yet on stimulating partnerships and spill-overs with other sectors.

Key policy drivers

To respond to the major challenges identified, concerted action is needed in particular in the following key areas.

Addressing changing skills needs

There is a need for stronger partnerships between the cultural and creative sectors, social partners and education and training providers, both through initial training and continuing professional development. This should provide sectors with the mix of skills needed for creative entrepreneurship in a rapidly changing environment. Furthermore, some sectors are confronted with a shortage of employees with technical and traditional skills and crafts, because young people in particular are less attracted to take up such skills.

Creative skills need to be learnt from an early age, in order to lay the foundations for a constant replenishment of creative talents and stimulate demand for more diverse and sophisticated creative contents and products. In a lifelong learning perspective, creative skills and competences can help to respond to changes in requirements of the labour market.

Partnerships with education can also contribute to a stimulating learning environment, helping learners, notably those in difficulty, acquire basic skills and develop competences required for their future professional life, thus improving their employability. Creative and cultural initiatives at the local level can contribute to the integration of marginalised communities and offer opportunities for people in deprived neighbourhoods.

Improving access to finance

The small size of cultural and creative businesses, the uncertainty about the demand for their products, the complexity of their business plans and their lack of tangible assets are obstacles for obtaining external financing. While equity finance, angel investment, venture capital and guarantees are alternative financing possibilities, they remain widely under-used. There is also anecdotal evidence of a market gap for export operations financing.

Therefore, financial institutions need to increase their awareness of the economic potential of these sectors and develop their capacity to assess businesses relying on intangible assets. In parallel, entrepreneurs in these sectors should be helped in better understanding the requirements of business planning and allocation of funds to finance their activities and growth.

Enlarging the marketplace: new partnerships and business models

Cultural and arts institutions and services need to strengthen their audience development capacity, seize new opportunities (in particular across borders) and respond to changes in audience behaviour and expectations. New services exploiting the possibilities offered by ICT and online service delivery are emerging, offering ways to better address consumers' demand

for access to a wide variety of contents and products and for greater participation in the creative process. These new approaches and services should also translate into new revenue streams.

To push ahead with the creation, production and distribution on all platforms of digital content, the cultural and creative sectors must enter strategic and fair partnerships with other sectors which can lead to innovative business models, through which content is accessed in different ways, achieving a balance between right-holders' revenues and the general public's access to content and knowledge, thus promoting cultural and media literacy. In that context, the full potential of Europeana¹⁴, the single access platform linking the digital collections of Europe's libraries, museums and archives, should be increasingly exploited as a basis for a new eco-system of applications and digital products targeting tourism, education, creation and culture.

Expanding international reach

Smart internationalisation and export promotion policies are needed to allow a wide majority of small organisations and companies to operate in a global environment and reach new audiences and markets worldwide. It is necessary to identify the most effective support services, facilitate access to foreign markets, reinforce regulatory dialogues and assess possible risk sharing facilities. Pooling of resources and increased cooperation between various actors in the EU could be further explored to promote a stronger cultural and creative presence of Europe on the world scene and an attractive European image bridging our excellence in the field of heritage to vibrant cutting edge creativity.

Reinforcing cross-sectoral fertilisation

The cultural and creative sectors need multi-disciplinary environments where they can meet with businesses from other industries. Any public intervention aiming to further develop them calls for cross-sectoral fertilisation. This requires the development and testing of better business support instruments and policies that aim to facilitate cross-sectoral linkages and spill-overs. It implies fostering change amongst the sectors themselves while adding new skills and competencies into other industries and vice versa.

It also requires further cooperation between different policies, embracing in particular economic affairs, industry, education, tourism, innovation, urban and regional development and territorial planning.

In view of the above, Member States, at all territorial levels and involving – when appropriate – all relevant public and private stakeholders, are invited to:

- Fully assess the potential of CCS¹⁵ for smart, inclusive and sustainable growth and further integrate them in their development strategies at all levels, in particular in the context of smart specialisation strategies¹⁶
- Reinforce cooperation across CCS and with other sectors such as ICT, tourism etc., including through joint initiatives to foster understanding across sectors and contribute to developing a more open, innovative and entrepreneurial mind-set in the economy

¹⁴ www.europeana.eu

¹⁵ Stands for cultural and creative sectors

¹⁶ See page 10

- Encourage and facilitate the setting up of platforms, networks and clusters between all public and private stakeholders that are relevant for CCS
- Encourage structured partnerships between the CCS, social partners and all types of education and training providers, including apprenticeships
- Promote the recognition of qualifications in informal and non-formal education and training in fields that are relevant to CCS
- Improve investor-readiness of financial institutions and investment-readiness of CCS, and devise dedicated financial engineering instruments, in particular guarantee schemes, including through an appropriate use of the forthcoming Creative Europe Programme and the Cohesion Policy Funds
- Support CCS in exploring and testing new audience development strategies and business models which are relevant in the digital shift
- Support the digitisation of cultural content and the development of online platforms in compliance with relevant EU state aid rules
- Encourage CCS to explore and reinforce their presence on international markets, including through the development of international partnerships and cooperation with third countries

4. ADDED VALUE FOR ACTION AT EU LEVEL

The EU has clearly a role to play in helping to put in place the right environment and supporting this agenda of adaptation.

Promoting the right regulatory environment

As part of the *Small Business Act* for Europe, the EU is putting in place a SME policy framework for the EU and its Member States aiming to improve the overall approach to entrepreneurship¹⁷. It is particularly relevant for the cultural and creative sectors where small and micro-enterprises are predominant.

Focusing on the need to make progress in the achievement of a fully integrated digital European Single Market, the Communication "*A Single Market for Intellectual Property Rights*"¹⁸ sets out a blueprint for initiatives to deliver an EU IPR framework rewarding creative efforts and facilitating cross-border activities in the internal market. As a result, the Commission adopted legislative proposals on orphan works¹⁹ and collective rights management²⁰. Assessment of the audiovisual sector is being taken forward following the Green Paper on the Online Distribution of Audiovisual Works in the EU²¹. The Commission is fostering a mediation process with stakeholders on private copying levies. Work is also foreseen to improve the valuation of intangible assets, a crucial issue for access to private financing.

¹⁷ <http://ec.europa.eu/enterprise/policies/sme/small-business-act/>

¹⁸ COM(2011) 287

¹⁹ COM(2011) 289

²⁰ COM(2012) 372

²¹ COM(2011) 427

For those cultural and creative sectors relying on brands and customers' loyalty, modernisation and adaptation of the trademark system are crucial. In the context of the EU Observatory on IPR infringements, better analysis of reliable data on IPR value and infringement, sharing of best practices and awareness-raising are needed to combat counterfeiting and piracy in an effective and efficient manner. Against this background, the Commission facilitates cooperation between intellectual property rightholders and Internet platforms in the context of the *Memorandum of Understanding on the sale of counterfeit goods via the Internet*, which seeks to reduce, at a pan-European level, the offer of fake cultural goods on the internet²².

Under the Digital Agenda for Europe²³, which includes actions to address barriers to the development of Europe's online markets, certain aspects of the initiatives on *re-use of public sector information* can contribute to a better exploitation of and access to cultural assets.

One of the priority actions set out by the *Communication on the future of VAT*²⁴ is a review of the current VAT rates structure. According to one of the principles guiding that review, similar goods and services should be subject to the same VAT rate and progress in technology should be taken into account, so that the challenge of convergence between the online and the physical environment is addressed.

For an efficient digital market also offering new opportunities to the cultural and creative sectors, the Commission will continue to implement the initiatives set out in the action plan on Digital Single Market for e-commerce and online services²⁵, including an initiative on "Notice and action" procedures and an initiative on net neutrality.

In the context of *State Aid Modernisation*²⁶, exemption from notification will be considered for aid in the cultural sector. Furthermore, support to innovation, including non-technological innovation, will be considered in the next review of the *Community framework for state aid* for research, development and innovation.

Facilitating the exchange of good practices and peer-learning

Initiatives at EU level can accelerate the pace of adaptation, foster the dissemination of good practices and improve networking within cultural and creative sectors. Since the adoption of the European Agenda for Culture²⁷ in 2007, national authorities have been cooperating in this field. An Expert Group has been set up to discuss and validate national or regional best practices and make proposals for cooperation initiatives. The group published a handbook on strategic use of the EU Cohesion Policy Funds to foster the potential of culture for local, regional and national development, in particular by contributing to smart specialisation strategies²⁸. The group will now focus on internationalisation and export strategies. Another example is the Policy Learning Platform set up under the European Creative Industries Alliance²⁹, in order to promote exchanges and cooperation in better business support, access to funding and cluster excellence and cooperation.

²² http://ec.europa.eu/internal_market/iprenforcement/stakeholders/index_en.htm#maincontentSec2

²³ COM(2010) 245

²⁴ COM(2011) 851

²⁵ COM(2011)942

²⁶ COM(2012) 209

²⁷ COM(2007) 242

²⁸ http://ec.europa.eu/culture/news/ci_en.htm

²⁹ <https://www.howtogrow.eu/ecia/>

The Commission also intends to support peer learning among city administrations, to allow local policymakers to share and compare experience on the impact of culture in the social and economic revitalisation of cities.

Towards 2020: Mobilising a wide range of specific and generic financial supports

The Commission's proposals for programmes and instruments for the new **Multi-annual Financial Framework 2014-2020**, notably Creative Europe³⁰, Erasmus for all³¹, the Cohesion Policy Funds³², Horizon 2020³³, COSME³⁴ and Connecting Europe Facility³⁵ can make a decisive contribution to support the further development of the cultural and creative sectors and strengthen their contribution to the Europe 2020 Strategy for jobs and growth.

Creative Europe aims to promote cultural and linguistic diversity in Europe and reinforce the competitiveness of the cultural and creative sectors. It will:

- Support cross-border networking, partnership and peer-learning activities to strengthen the sectors' capacity to operate beyond national borders and help respond to challenges such as the digital shift, globalisation and fragmented European markets
- Set up a dedicated *Financial Facility*, providing guarantees to make access to bank loans easier for small enterprises and organisations; this facility, included in the future Financial Debt Instrument for SMEs together with the Horizon 2020 and COSME Facilities, will also seek to achieve a systemic impact on the financial sector, by improving the capacity of financial institutions to assess cultural and creative projects, pooling current limited expertise across national borders, and support initiatives aiming to strengthen the investment-readiness in the sectors
- Support actions for capacity building aimed at audience development and the testing of business models
- Support measures to help the sectors operate internationally

Erasmus for All will support investment in education and training, both in the form of learning mobility, partnerships for innovation and policy support. As part of its endeavour to promote cooperation for innovation, the programme will support large-scale partnerships (Knowledge Alliances) between higher education and businesses and partnerships between vocational education and training and businesses (Sectoral Skills Alliances). This provides important opportunities for partnerships between cultural and creative sectors and the education and training sector.

Building on the ample opportunities already provided³⁶, the *Cohesion Policy Funds* will keep on supporting investments in the cultural and creative sectors, to maximise the contribution of culture as a tool for local and regional development, urban regeneration, rural development, employability and social inclusion. Examples of investments could include research, innovation, SME competitiveness and entrepreneurship in cultural and creative industries, or

³⁰ COM(2011) 785

³¹ COM(2011) 788

³² http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm

³³ COM(2011) 809

³⁴ COM(2011) 834

³⁵ COM(2011) 665

³⁶ Study on the contribution of culture to local and regional development, 2010

the protection and enhancement of cultural heritage and landscapes³⁷. In addition, the ***European Agricultural Fund for Rural Development*** will continue its support for the upgrade of rural cultural heritage and for improving access to cultural services in rural areas by providing investment and training support to cultural and creative businesses, stimulating also their networking and cluster development, in particular through LEADER³⁸.

In this context, the use of dedicated financial engineering instruments will be further encouraged, including in relation to the cultural and creative sectors. In its vision for the future Cohesion Policy, the Commission has pointed to these sectors in the context of the development of smart specialisation strategies for local and regional development³⁹. This calls for a stronger integration between strategies at local/regional levels and those at national levels. The focus should now be on assessing the potential of the sectors in regional development strategies in the forthcoming definition of Partnership Agreements and Operational and Rural Development Programmes, taking into account the dynamic links between traditional cultural assets, the development of creative businesses and the response to social and environmental challenges, and favouring a better mix of investments in infrastructure and human capital⁴⁰.

COSME aims to strengthen the competitiveness and sustainability of EU enterprises and SMEs and encourage an entrepreneurial culture. The Commission is proposing actions to foster the development of world-class clusters and business networks, and to accelerate the emergence of competitive industries based on cross-sectoral activities, which is particularly relevant for cultural and creative sectors. Concrete actions are proposed to encourage adoption of new business models and commercial use of creative ideas which lead to customised and personalised goods and services meeting consumers' demand. The Commission also proposes to develop actions linking and adding skills and competencies in the fields of design, creativity and manufacturing.

Horizon 2020 will govern the EU support to research and innovation activities and promote a better exploitation of the industrial potential of policies of innovation, research and technological development. It aims to reinforce competitiveness across a range of emerging industries and sectors, which is of particular relevance for cultural and creative sectors. It will support technological developments in relation to these sectors, such as innovative technologies for the creation and use of creative content and innovative materials for creative industries. Horizon 2020 will also explore new forms of innovation, such as social innovation and creativity, in order to enhance positive inter-cultural dynamics in Europe and with international partners.

Connecting Europe Facility aims to boost Europe's transport, energy and digital networks. It will provide sustainable funding to Europeana and will support related activities such as mechanisms for the exchange of rights information and licensing or competence centres on digitisation and preservation of digital cultural heritage.

At the international level policy dialogue between the EU and third countries, both at bilateral and regional level, can be used to build up trust and open opportunities to engage in

³⁷ SWD(2012) 61, part II

³⁸ http://enrd.ec.europa.eu/leader/en/leader_en.cfm

³⁹ http://s3platform.jrc.ec.europa.eu/c/document_library/get_file?uuid=a39fd20b-9fbc-402b-be8c-b51d03450946&groupId=10157

⁴⁰ Ibid.

win-win partnerships, including for the cultural and creative sectors⁴¹. Through cooperation, culture will continue being an essential vector of socio-economic development and of strengthening human rights, democracy, civil society and other key elements of good governance⁴².

The Commission will:

- Continue to improve the EU regulatory framework for CCS
- Negotiate with the European Parliament and the Council its proposals for EU funding instruments for 2014-2020, and prepare their implementation
- Support the exchange of good practices within the EU

Shorter term actions at EU level to support the key policy drivers

In a shorter term, efforts deployed in Member States, at all territorial levels, will be completed by a number of EU initiatives to support the emergence of creative ecosystems across sectors at various stages of the value chain:

- Addressing changing skills needs

Knowledge Alliances are being tested between higher education and businesses to promote innovation. A Cinema and Industry Alliance for Knowledge and Learning⁴³ will report on its work in 2013.

The EU is funding the first phase of a European Sectoral Skills Council in the audiovisual and live performance sectors⁴⁴, and it is also funding a European Sectoral Skills Council in the textile, clothing and leather sectors⁴⁵ to analyse skills needs.

By end 2013, a Member States Expert Group set up in the framework of the European Agenda for Culture will produce a report on the promotion of Creative Partnerships between schools and cultural and creative businesses and organisations.

- Improving access to finance

In the framework of the European Creative Industries Alliance, the EU is funding two partnerships on better access to finance (FAME and C-I Factor) until 2014.

The MEDIA Production Guarantee Fund⁴⁶ is facilitating film producers' access to private sources of financing.

⁴¹ Policy dialogues could in particular be supported under the Partnership Instrument (PI)

⁴² Such objectives will be supported both under geographical and thematic cooperation through the Development Cooperation Instrument (DCI), the European Neighbourhood Instrument (ENI), the Instrument for Pre-Accession Assistance (IPA) and the 11th European Development Fund (EDF)

⁴³ http://ec.europa.eu/education/higher-education/ka1_en.htm

⁴⁴ <http://www.pearle.ws/en/projects/detail/16>

⁴⁵ <http://europeanskillscouncil.t-c-l.eu/eng/>

⁴⁶ http://ec.europa.eu/culture/media/programme/overview/funding/index_en.htm

The Commission will assess the possibility of setting up a similar Guarantee Fund for fashion businesses.

Under the IPR Strategy, the Commission will formulate policy proposals aiming to improve the economic exploitation of IPR⁴⁷.

- Enlarging the marketplace

In 2012, the Commission will:

- Fund a preparatory action on the circulation of European films in the digital era⁴⁸
- Fund a pilot project on innovative uses of ICT in CCS⁴⁹
- Fund a Thematic Network on new business models for publishing in the digital age⁵⁰
- Organise a European exchange of practice conference⁵¹ on audience development
- Adopt a recommendation on European film in the digital era

By end 2012, a Member States Expert Group set up in the framework of the European Agenda for Culture will produce a report on policies and good practices of public institutions to promote better access to and participation in culture.

In 2013, the Commission will:

- Support the production of more powerful and interactive tools for creative industries and anticipate future trends in research and innovation through interaction in and between different segments of these industries⁵²
- Launch a WORTH Pilot Project to stimulate market oriented support and advice to SMEs in fashion or design-based personal goods sector, in order to develop new creative products and services through cooperation with designers

The European Heritage Label⁵³ and the European Capitals of Culture⁵⁴ initiatives will also be further used as laboratories for audience development and citizen participation.

- Expanding international reach

In 2012-2013 the Commission will organise in third countries specific matchmaking events to support SME internationalisation through clusters, including for CCS.

Cooperation on CCS under the EU-China Trade Project as a testing phase for reinforced cooperation in this area will continue.

⁴⁷ http://ec.europa.eu/enterprise/policies/innovation/policy/intellectual-property/index_en.htm

⁴⁸ http://ec.europa.eu/culture/media/programme/overview/digitaldistrib/prepaction/index_en.htm

⁴⁹ http://ec.europa.eu/culture/news/12062012-pilotproject-eac10_en.htm

⁵⁰ WP ICT PSP 2012, p.19

⁵¹ http://ec.europa.eu/culture/news/20120316-conference-audience_en.htm

⁵² WP ICT PSP 2013, pp. 10, 81-85

⁵³ http://ec.europa.eu/culture/our-programmes-and-actions/label/european-heritage-label_en.htm

⁵⁴ http://ec.europa.eu/culture/our-programmes-and-actions/capitals/european-capitals-of-culture_en.htm

Policy dialogues on culture with emerging partners will focus on the environment for cooperation and exchanges in CCS.

The Commission will also:

- Test the feasibility of sharing the risk of existing export credit insurance schemes for SMEs
- Explore in close consultation with EEAS ways and means to strengthen culture in external relations

In 2013, a Member States Expert Group set up in the framework of the European Agenda for Culture will produce a handbook on internationalisation support strategies for CCS.

- Reinforcing cross-sectoral fertilisation

As of 2012, the Commission has been:

- Fostering cross-sectoral linkages, under the European Creative Industries Alliance
- Supporting three large-scale demonstrators in support of cultural tourism under the European Mobile and Mobility Industries Alliance

In 2012-2013, it will also:

- Establish a European Service Innovation Centre to provide advisory support to regional organisations on service innovation and creativity for promoting industrial change
- Publish a Smart Guide on how to better use Cohesion Policy Funds for capitalising on service innovation, particularly relevant for CCS
- Start funding a pilot project supporting two traditional industrial regions in their transition towards "European Creative Districts"⁵⁵

- Review challenges and options for measures to strengthen competitiveness of the EU fashion and high-end industries and take due account of the corresponding Staff Working Documents

- Assess the recommendations to be presented by the European Design Leadership Board in 2012 and formulate an action plan for accelerating the take up of design in innovation policies
- Develop and test under the European Cluster Excellence Initiative training modules to promote the role of creativity, creative skills and creative sectors for the change of traditional industrial activities
- Launch a stakeholder consultation on the relevance of setting up a European Experience Economy Alliance, to foster cross-sectoral interaction between CCS, leisure, sport and tourism and support the development of new industrial value chains

⁵⁵ http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=5782&lang=en

5. MONITORING PROGRESS

Harnessing the full potential of CCS can make a major contribution to growth and jobs and accelerate the shift towards a knowledge based innovation society. To realise this potential, action is needed, at national, regional and local level, and at EU level, to support the implementation of the multi-layered strategy delineated above, focusing in the short and longer terms in particular on the five key policy drivers: developing skills; improving access to finance; promoting new business models and enlarging audiences; facilitating cooperation with other sectors and policies; and expanding international reach. This strategy will also promote cooperation with the EU's partners. It will count on the support of other European institutions and stakeholders.

To monitor progress in the implementation of the strategy, the Commission proposes to use the existing framework for co-operation, that is the Culture Open Method of Coordination.