

Public Consultation on the CIP programme

KEA's contribution – CIP to Promote Creativity

Summary of Proposals:

1. CIP should be part of the cultural agenda as culture is a catalyst for creativity.
2. CIP needs to recognise the cross-sectoral and multi-disciplinary aspects of “creativity” which mixes elements of “artistic creativity”, “economic” as well as “technological innovation”.
3. CIP should be more accessible to creative industries to implement a linkage between creativity and innovation. It should foster ICT and Creative industries incubation schemes to promote spill overs.
4. CIP should support investment in culture and creative industries (and specifically mandate the EIB and the EIF).
5. CIP should support the ECIA initiative – European Creative Industry Alliance and tailor support measures to creative SMEs.
6. CIP should establish a creativity index or complement the innovation scoreboard with creativity indicators. (See KEA suggestion in this respect in the study “The Impact of Culture on Creativity” – Annex 2).
7. CIP should support SMEs in the creative sector to achieve scale (acting collectively so that they can influence market development – as European SMEs often command collectively a 25% market share in the respective cultural sectors) and make rights licensing less costly. CIP has yet to engage with SMEs from the culture and creative sector.
8. CIP should contribute to celebrate and brand “a Creative Europe” in a large promotional campaign in conjunction with other EU programmes such as the Culture Programme; Europe to celebrate the contemporary and not only the heritage.
9. CIP to fund studies on the importance of brands, creativity and the immaterial in innovation strategies and competitiveness.
10. CIP should fund benchmarking raster/indicators to measure impact of local policy measures to support CIs.

A CIP to Promote Creativity

This contribution to the CIP public consultation aims to show that culture and creative industries as well as the promotion of cultural diversity should be part of the CIP programme to implement the EU 2020 project which is to make a smart, inclusive and sustainable Europe. The Competitiveness and Innovation Framework Programme (CIP) (http://ec.europa.eu/cip/index_en.htm) is one of the key funding instruments in support of competitiveness.

How can culture contribute to entrepreneurship, growth, ICT acceleration and competitiveness?

Europe has enormous cultural and creative assets, a wealth of ideas, artists and creative people. European brands are amongst the best in the world in technology, luxury goods, tourism, media publishing, television, music, computer animation, videogames, design and architecture. European creators and artists in architecture, design, fashion, cinema, music, and modern art have worldwide influence.

A review of the scientific literature on creativity shows the importance of culture in supporting creativity. Its role goes beyond artistic achievements or “creative content” feeding broadband networks, computers and consumer electronic equipments.

The premises of this contribution are that the European project is the fruit, the result of tensions between cultures, identities, ideas. This tension and difference have led to wars between European nations in the past but has also led to the European project. 60 years later these cultural differences have made Europe the largest trading bloc in the world and the wealthiest. It is the confrontation, the pluralism of languages and cultures that has liberated thoughts, promoted intellectual exchanges, scientific and artistic development, and openness to the world. This diversity should continue to shape Europe’s destiny and sustain the European dream.

Fundamentally the issue of culture contribution to innovation raises the following concrete questions (in relation to ongoing EU 2020 and CIP objectives):

1. How do you create a “smart, inclusive and sustainable” Europe if people do not care about their neighbours? About their cultures? If the dialogue between cultures is not perceived as essential.
2. How can the single market, whether digital or analogue, cater for diversity and benefit local cultural expressions? And not only world culture – the mainstream.
3. Should innovation be led only by technology and science? Are there other forms of innovation in which Europe excels and that stem from its multiple identities and culture and which makes this continent particularly creative (in fashion, architecture, design, literature, music, games and applications...)

PART 1 Culture and the EU 2020 Strategy

Whilst cultural diversity cannot qualify as a measurable target it is at least a means to reaching the growth, inclusiveness and sustainability objectives of the EU 2020 Strategy. The promotion of the fecundation potential of cultures as a means to support innovation, creativity, exchange of thoughts is part of a policy to support a more stimulating environment for enterprises.

Culture and creative industries are referred to in flagship initiatives notably:

- Digital Agenda
- the Innovation Union Initiative

The Digital Agenda is essentially focused on issues regarded as important for the ICT industry. It is interesting to draw the attention of policy makers to the fact that the size of the cultural sector is equivalent to the ICT sector in Europe and that the latter is very much dependent on cultural content to develop its services, whilst the former is heavily dependent on the latter to protect its intellectual property. Interdependence has yet to be fully acknowledged in the CIP Programme.

Sector	GDP	Annual Market Value
ICT	5%	€ 660 billion
CULTURE /Creative	3% (2003)	€ 654 billion (2003)

Source: European Commission, KEA study on the Economy of Culture in Europe.

Each sector employs approx. 6 million people. There are 1.4 million enterprises in the culture sector

The objective of the Digital Agenda has many cultural implications as it sets out that “Commercial and cultural content and services need to flow across borders”. The Digital Agenda is also about preserving heritage (Europeana) by aggregating content and “enabling access”.

CIP should ensure that new digital services (wherever their location) work to support cultural diversity with the view to promote market access to local content in a variety of languages.

The Innovation Union initiative of October 2010 also makes reference to culture and culture-based creativity by stating:

“Our strengths in design and creativity must be better exploited”.

“We must pursue a broad concept of innovation, both research-driven innovation and innovation in business models, design, branding and services that add value for users and where Europe has unique talents”.

“The creativity and diversity of our people and the strength of European creative industries, offer huge potential for new growth and jobs through innovation, especially for SMEs”.

This shift in thinking on innovation and which takes into consideration non-technology innovation is welcomed. It is often non-technological innovation that makes the differences in the market place (branding, design, applications, entertainment, culture services). This form of innovation is analyzed in the KEA study “The impact of Culture on Creativity” for the European Commission (2010) (available on www.keanet.eu).

The CIP programme should better integrate non-technological innovation in its support mechanisms and consider the spill over effects of creativity in cultural industries notably in innovation within the ICT sector. The importance of branding as a condition for market success should be subject to studies, in particular in the context of the single market.

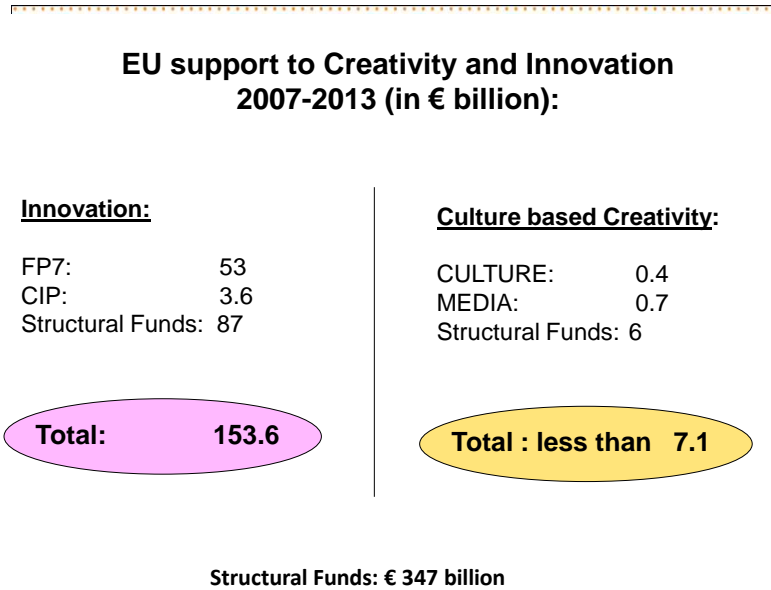
The European Commission (DG Enterprise) initiative to establish a European Creative Industries Alliance – ECIA) to develop new forms of support for creative SMEs and to promote the wider use of creativity by other sectors is to be welcomed and supported in the context of CIP .

In summary:

- Cultural diversity is at the heart of Europe’s economic success. Cultural dialogue contributes to inclusiveness (social cohesion) and creative industries contribute to innovation as well as the development of ICT services.
- Culture is instrumental in achieving competitiveness goals - open access, dissemination across frontier, innovation
- There is some progress in the apprehension of innovation. However the latter is still focused on ICT and R&D – whilst service innovation is led by experience, emotion, values, creativity in design, brands, and aesthetic.

CIP should contribute to a better budgetary balance. This new conception of innovation should translate into more balanced visions of financial means to support non-technological innovation and investment in culture and creative industries.

CIP should grant a mandate to the European Investment Bank and the European Investment Fund to support investment in creative and cultural industries.



At the heart of competitiveness is the single market.

Part 2 A single market for “the world culture” or a single market for cultural diversity

What is the world culture?

World culture is the expression to characterize the culture of the best sellers, the mainstream. Products identified by entertainment companies whether in publishing, music, cinema are the most likely to travel across frontiers and become world hits. These “cultural” products have benefited from the single

market more than any others (Hollywood films, pop music, and literature). The products are usually English language productions.

As a result, Europe is a net importer of content, which puts our ICT industries at a competitive disadvantage. Internationally the market share of European content (music or film) is less than 5% in the USA (a continent that invented cinema, fiction, classical music).

Less than 3% of books published in the US are translations from non-English language. European national content hardly circulates in Europe – hence the Media programme for Cinema. Despite Media funding for the last 20 years the market share of non-national European films is less than 8%.

Europeans do not seem interested in cultural content from their neighbours or more importantly nothing much is being done to stimulate a market demand for those products. Total cultural indifference, one may argue, is leading to a country on the verge of breaking up (Belgium). Single market initiatives have failed to create a space for local products to circulate; TV without Frontiers Directive in 1989.

Globalisation is accelerating this trend and the long tail has not yet occurred to the extent that it would give hopes for non-mainstream content on the Internet. The content industry remains hit driven.

Europe is already marginalized. It needs to create scale. The CIP and the single market are tools to achieve scale

The Digital Agenda is focusing on opening up access to content: “Consumers expect, rightly, that they can access content online at least as effectively as in the offline world.” “Europe lacks a unified market in the content sector.” But availability will be enough to create a demand for European content.

It would be wrong for the CIP programme to focus only on the promotion of ICT take up or consumer access. There is a need for CIP to consider the supply issue (diversity, investment in local production, marketing to create a demand, licensing issues) and to support SMEs innovative solutions in the CCIs-ICT sector.

Foremost CIP needs to recognize and apprehend the specificity of cultural industries and institutions:

- Market segmentation enables the maximisation of returns on investment in particular in capital intensive industries such as cinema/performance rights (acknowledged by the ECJ).
- Linguistic fragmentation makes distribution more difficult and therefore limits consumer access.
- Industrial structure – essentially composed of locally based, SMEs (with little international and marketing muscles) lacking scale to benefit from the single market.

Part 3 Culture to support innovation

Products are increasingly customized, individualized (requiring differentiation). The new economy is an economy of experience (as described by economists Pine and Gilmore / Scott Lash and John Urry / J.Rifkin, O.Bomsel). It is an economy of the immaterial where values and signs are as important as the functionality of a product. The cultural value of a product becomes as important as its economic value.

Culture-based creativity is an essential feature of a post-industrial economy. A firm needs more than an efficient manufacturing process, cost-control and a good technological base to remain competitive. It also requires a strong brand, motivated staff and a management that respects creativity and understands its process. It also needs the development of products and services that meet citizens' expectations or that create this expectation.

Digital technologies play an important role in this intangible economy as they provide new forms of social exchanges and contribute significantly to new expressions of creativity. Of course cultural production (such as music, publishing and movies) makes new technology more relevant to consumers, enables the development of new markets and contributes to digital literacy. However the successes of free and open-source software and services like Wikipedia are also trends that prefigure an economy in which sharing and exchanging knowledge and skills are not principally based on securing financial gain. These new forms of exchanges give more importance to social ends and therefore culture-based creativity. Art and culture (in particular music) is often the basis on which social networking takes place (peer-to-peer file sharing).

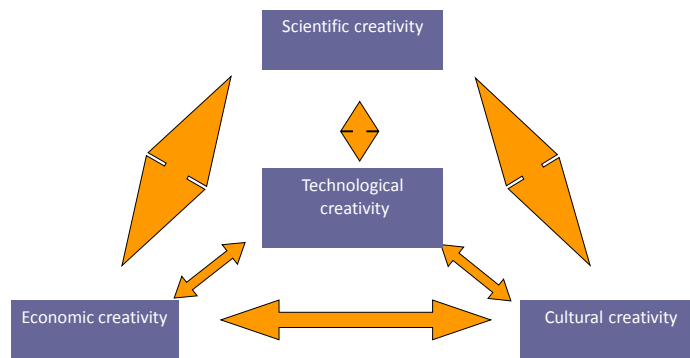
For industry it therefore becomes an imperative to meet and to create new kinds of demand that are not based merely on the functionality of a product but are instead rooted in individual and collective aspiration. In this new paradigm, marketing and services are as important as production. This requires creative skills and thoughts as productivity gains at manufacturing level are no longer sufficient to establish a competitive advantage. Culture-based creativity is a powerful means of overturning norms and conventions with a view to standing out amid intense economic competition. Creative people and artists are key because they develop the ideas, metaphors and messages which help to drive social networking and experiences.

Where would *the founding fathers* of the EU start if they were to create the EU today? It would not be with coal and steel that they would attempt to cement cooperation and solidarity amongst European nation. They would most probably start with culture and ICT? Why culture?

The founding fathers would recognize that innovation is a process of interactions and spill over between different processes.

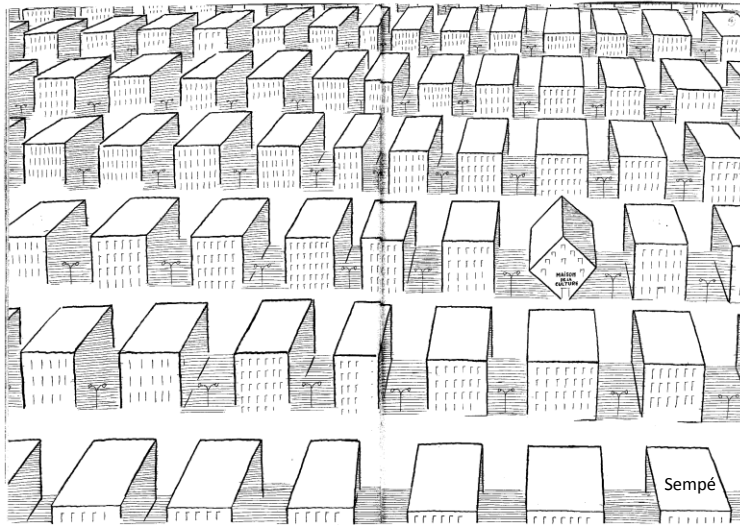
Creativity – Multi-dimensional

Creativity” is defined as a cross-sector and multidisciplinary way, mixing elements of “artistic creativity”, “economic innovation” as well as “technological innovation.”



A process of interactions and spill-over effects between different innovative processes

The founding fathers would look into what makes Europe so distinct: 100's of languages, 27 nationalities, 100's of different cultures – the capacity to be singular. This singularity and difference is a precious economic and social resource in a world where the industry is looking to differentiate its product to gain a competitive edge.



Culture plays an important role in today's economy that requires innovation which is non-technological. The cultural economy is the economy of creative industries which fashion the trade and commercial universe and which enables companies to stand out whether through branding, design, creative content or user interface. The economy is about creating the unexpected, the emotional. Creativity is the main driver of the new economy.

There is still little understanding of the importance of culture in EU's competitiveness as an economic sector or as a resource to make products and services more competitive.

CIP should fund studies aimed at better comprehending this evolution and the importance of the experience or the network economy in the Single Market context.

Conclusion :

Without understanding the value of culture in creativity, firstly Europe cannot develop a coherent innovation strategy; secondly it cannot even begin to challenge the premises of current policy thinking. Europe needs also to focus on non-technological innovation in general and culture-based creativity in particular. The proposal is to create a Europe that stimulates and encourages creativity and provides individuals, society, public institutions and enterprises with incentives to build on culture for social and economic renewal.

Europe's multiculturalism is a chance to stimulate creativity. Europe's diverse cultures, its history and geography are a significant source of its creativity. It is Europe's diversity and its patchwork heritage that

has shaped its destiny and will determine its future. Pluralism and openness to influences are distinct features of the European model. This cosmopolitanism is an extraordinary resource of creativity.

The additional challenge for Europe is to make the best of its cultural diversity in the context of globalisation. To a large extent, Europe's future is dependent on its ability to transcend local identities to harness creativity but also to ensure the presence of diverse local identities in an international context. By asserting and developing its creative ambitions Europe can become a very significant force for the generation of innovative ideas and services which have both significant economic value and the capacity to improve the quality of life of its citizens. Europe should become a central place in the meeting of influences and ideas. At the confluence Europe increases its creativity and innovation potential. In this way, the power of creativity, art and culture could be harnessed to play an increasingly important role in driving economic and social progress in Europe.

Europe will never be built on the model of the United States – United States of Europe - because national and regional particularities will last. A European will be proud of his local roots, his country, his language and his European origin. The patchwork of culture is the fabric of Europe, the source of its success. We have to accept this complexity inherent in Europe, not as a fatal destiny but as an opportunity because this complexity (which has a cost) nourishes creativity and innovation. This dimension remains to be integrated in the CIP programme.

Its creative industry is lacking scale to make the most of the single market, and languages make it more difficult to cross frontiers. We have to accept this and adapt our policies to take this into account.

KEA proposals for the integration of culture-based creativity in the CIP programme :

1. CIP should be part of the cultural agenda as culture is a catalyst for creativity.
2. CIP needs to recognise the cross-sectoral and multi-disciplinary aspects of "creativity" which mixes elements of "artistic creativity", "economic" as well as "technological innovation".
3. CIP should be more accessible to creative industries to implement a linkage between creativity and innovation. It should foster ICT and Creative industries incubation schemes to promote spill overs.
4. CIP should support investment in culture and creative industries (and specifically mandate the EIB and the EIF).
5. CIP should support the ECIA initiative – European Creative Industry Alliance and tailor support measures to creative SMEs.
6. CIP should establish a creativity index or complement the innovation scoreboard with creativity indicators. (see KEA suggestion in this respect in the study "The Impact of Culture on Creativity").

7. CIP should support SMEs in the creative sector to achieve scale (acting collectively so that they can influence market development – as European SMEs often command collectively a 25% market share in the respective cultural sectors) and make rights licensing less costly. CIP has yet to engage with SMEs from the culture and creative sector.
8. CIP should contribute to celebrate and brand “a Creative Europe” in a large promotional campaign in conjunction with other EU programmes such as the Culture Programme; Europe to celebrate the contemporary and not only the heritage.
9. CIP to fund studies on the importance of brands, creativity and the immaterial in innovation strategies and competitiveness.
10. CIP should fund benchmarking raster/indicators to measure impact of local policy measures to support CIs.

Philippe Kern

KEA 01.02.2011

www.keanet.eu, www.keablog.com , Linkedin and Facebook social networks “Creative Europe”

KEA - committed to supporting creative and knowledge-based companies and institutions, is a Brussels-based research and advisory company specialized in providing advice, support and research in relation to creative industries, cultural, entertainment, media and sport sectors since 1999.