

5. ANNEX 1A

Priority fields for launching new Knowledge and Innovation Communities.

1. Cultural and Creative Industries

6. ANNEX 1B

FACTSHEET ON THE KNOWLEDGE AND INNOVATION COMMUNITY “CULTURAL AND CREATIVE INDUSTRIES”

(7) The Challenge

Cultural and Creative Industries (CCI) can bring a horizontal solution to an array of rising challenges, which are of a permanent nature, and can be addressed through research and innovation activities. These challenges can be grouped into four pillars: 1) Europeans' creativity, cultural diversity and values; 2) European identity and cohesion; 3) European employment, economic resilience, and smart growth; and 4) Europe as a global actor.

Europeans' creativity and cultural diversity depends on resilient and robust cultural and creative sectors. However those sectors, notably the audio-visual or music sector, are facing a number of challenges as a result of the increased competition from global players and the digital shift.

- Producers, distributors, broadcasters, cinema theatres and all types of cultural organizations need to innovate in order to attract new generations of audiences.
- The shortage of entrepreneurship and cross-cutting skills in CCI⁸ concerns both emerging sub-sectors as well as very mature ones that undergo a profound digital transformation. These skills are needed for innovation and crucial in light of labour market changes that the sector is facing.

Societal challenges related to the **European identity and cohesion** can generally be described in terms of lack of ‘bridges’ connecting different parts of the society including different territories. They include issues related to social exclusion, the need to build closer intercultural links and developing a sense of common belonging based on our cultural diversity and common heritage that could be addressed through more community participation, innovations in design, architecture and the use of public spaces, as well as culture-led social innovation. In particular:

- There is limited cooperation between researchers and between research and industry as well as insufficient coordination of R&D efforts, sharing of methods, results, and best practices. Additionally, most of the research in CCI have not been translated which leads to repetition, as researchers are often unaware of similar projects.
- The level of integration of creative clusters and innovation hubs is insufficient.

⁸ Cultural and creative studies in European universities are mostly focused on the “creative part” and their graduates are not always ready to enter the modern labour market as they lack cross-sectoral (entrepreneurial, digital, financial management) skills. With regards to HEIs, the EU is trailing behind the USA in Communication & Media studies (while EU universities are performing better in more traditional disciplines such as Art & Design or Performing arts).

- A significant share of regional smart specialization priorities in Europe refer to culture under different angles (e.g. cultural heritage, creative industries, etc.). Given the important role of culture and creativity for the economic and social development of cities and regions and their ability to further help address disparity issues across Europe, the potential of the CCI KIC is high.

Challenges related to **European employment, economic resilience, and smart growth**, include economic issues such as unemployment (especially youth unemployment) and global competition.

- There is a high market concentration: - around 50% of the total turnover and added value is generated in Germany, United Kingdom, and France.
- European industries are challenged by digitization and globalization and their powerful impact on the way artists produce and distribute their works and relate to their audiences. The collapse of DVD markets, new consumer expectations and the continued power of US studios together with the rise of global digital giants like Amazon, iTunes, Google and Netflix have impacted the traditional value chain.

Finally, the role of **Europe as a global actor** includes the need to enhance the dissemination of the cultural content created in Europe. Europe needs to remain competitive in the global digital race for creation of new technologies (e.g. AI, IoT, blockchain) for which CCI are important generators of content, products and services globally. Moreover, on a global scale, CCI (e.g. design, architecture, etc.) contribute actively to the sustainable development and drive green innovation, while cultural content (literature, film and the arts) can raise awareness of ecological problems and inform public opinion.

(8) Relevance and Impact

An EIT KIC on CCI – with its holistic and integrated approach - will help address all challenges defined above. By covering nearly all sectors of our lives, society and economy, such KIC will be highly relevant in terms of economic and societal impact, unlocking strategic opportunities for economic, technological as well as social innovation.

Culture-based and creativity-driven innovations boost European competitiveness either directly by creating new enterprises and jobs or indirectly by creating cross-sector benefits to the wider economy, improving quality of life and increasing the attractiveness of Europe. CCIs are increasingly seen as new sources of smart, sustainable and inclusive growth and jobs. employing already more than 12 million people in the EU, which amounts to 7.5% of all EU people in employment.

The contribution of culture and creativity to innovation is not limited to the direct impact of the CCI, since innovation across-the-board is increasingly driven by non-technological factors such as creativity, design and new organisational processes or business models. In particular, CCI with distinct value chains (i.e. music, design, fashion, audio-visual, video games, architecture ...) have a strong innovation capacity in economic terms and are able to drive innovation in other sectors of the economy.

Culture and participation in cultural activities has a direct impact on the well-being of citizens. CCI enhance societal values of identity, democracy and community participation. Culture has a great potential to reinforce a European sense of belonging, where diversity represents an asset. This is of fundamental importance to enable resilience, social access, society cohesion, anti-radicalisation and gender equality, and to tackle Europe's political uncertainties and need of unity.

An EIT KIC on CCI will empower network opportunities, collaboration, co-creation and know-how transfer between education, research and business, within the cultural and creative sectors and with other sectors of the society and the economy. It will catalyse bottom up and top down initiatives at regional, national and EU levels. It will develop the necessary framework conditions for the creation and scale up of new ventures in innovative ecosystems. It will provide researchers and students in many disciplines (including arts, humanities, business, social sciences and applied hard sciences) and entrepreneurs of the CCI and other sectors with the knowledge and skills necessary to deliver innovative solutions and to turn them into new business opportunities. It will allow further cross-fertilisation with other economic and industrial sectors, acting as an accelerator for innovation.

(9) Synergies and Complementarities with existing initiatives

A KIC in CCI would be complementary to number of other Union initiatives, as well as such at the level of Member States. The main synergies expected at EU level are presented below.

A KIC on CCI is expected to establish strong synergies with relevant policy initiatives under Horizon Europe Programme, and in particular under Pillar II with the cluster [Inclusive and Secure Society] and its areas of intervention on Cultural Heritage and Democracy. A future KIC could also provide valuable horizontal inputs across various activities to be carried out in the cluster [Digital and Industry], in particular as regards the manufacturing technologies in which the need to develop new products rely heavily on CCI. Furthermore, it could efficiently complement other parts of the Horizon Europe Programme, the intervention of the existing EIT Digital and the actions foreseen under other EU programmes such as InvestEU, Digital Europe or the Cohesion Policy Funds.

The new Creative Europe Programme will be highly relevant for the activities of the KIC on CCI. The Programme elects strands and special calls reflecting some of the already mentioned challenges facing the sector (e.g. creatives' skills and employment, business models, etc.) and strong synergies and complementarities should be developed. Still under the Creative Europe Programme, and in the context of limited access to finance for the cultural and creative sectors, synergies could be expected with the Cultural and Creative Sector Guarantee Facility, a financial mechanism to help scale up cultural and creative projects by providing insurance to financial intermediaries.

The Smart Specialisation Strategy (S3) platform on Industrial Modernisation has identified a number of R&I strategies that focus on CCI and explore new linkages between local assets, potential markets and societal challenges through the involvement of a large set of entrepreneurial actors. In particular, the promotion of new partnerships between research

organisations, enterprises and public authorities is a major concern of S3 strategies, calling for the set-up of new collaborative platforms.

Conclusion

An EIT KIC on CCI is most suited to address the major economic and societal challenges outlined above. Creativity is a key driver of innovation and a KIC on CCI has the capacity to unleash the potential of culture-based creativity and help strengthening Europe's competitiveness and smart growth.

An EIT KIC on CCI will:

- Reduce the fragmentation of the cultural and creative sectors' innovation landscape by fostering the creation of innovation ecosystems that will connect actors and networks across sectors and disciplines at local, regional, national and EU levels.
- Train the next generation of innovators in the CCI sectors by equipping them with the necessary entrepreneurial and technical skills needed to thrive in a fast changing environment.
- Contribute to the development of the right framework conditions to transform ideas into new technological developments and social innovation that will improve the quality of life and benefit EU citizens.
- Foster the creation and development of new ventures in the cultural and creative sectors by mobilizing investment and long-term commitment from the business sector.
- Synergize with the existing KICs, as well as with other European partnerships, programmes and initiatives to drive innovation beyond cultural and creative industries in other sectors of the economy.
- Strengthen the EU position as a global actor in CCI by harnessing Europeans' creativity and cultural diversity.