The Cultural Industries in the Countries of Southeast Europe and their Economic Impact in the Context of Social Ttransformation

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Summary: In the recent years the *cultural industries* became very popular all over the world. In the countries of Southeast Europe they are still not sufficiently explored and assessed in the economic studies and research.

The notion of cultural industries was initially raised by Adorno and Horkheimer and thus it is defined by the penetration of the industrial methods of organization of cultural production and their mass reproduction with the technology means. Influenced by economic and political contexts, this notion bears content transformations into *creative* or *copyright industries, creative economy* etc.

The present article attempts to analyze the overall situation and the position of cultural industries in the countries of Southeast Europe assuming the influence of two factors: the transition to market economy and the stages towards EU integration in the region. On that very foundation the opportunities for regional cooperation are studied, available through the different EU policies and their financial instruments.

Being a part of national economies in the European Union, the cultural industries develop in the conditions of the Economic and Monetary Union and they are eligible for the EU financial instruments. The pre-accession processes of Croatia, Turkey and FYROM should also be taken into consideration, along with the negotiations on Stabilization and association agreements with other countries from the region.

Main thesis of the present paper is that the impetus of the development in the region, as a result of the transition, determines the accelerated development of cultural industries in SEE and the raised interest in their economic contribution. The international organizations, cooperation in their frameworks and programs, and the EU integration are catalysts in this process.

Main tasks: 1) to clarify the term *cultural industries* and the approaches for their studying according to the national and regional context; 2) to study the correlations between the economic and political transformations in the countries in question, and the development of cultural industries; 3) to present those financial instruments of the intergovernmental organizations and the EU, the priorities of which are or may be applied for the development of the cultural industries in Southeast Europe.

The notion "countries of Southeast Europe" is understood as Albania, Bosnia and Herzegovina, Bulgaria, Greece, Kosovo, FYROM, Romania, Serbia, Croatia, Montenegro and (partly) Turkey (for the insufficient data not all of them will be examined to the same extent).

Key words: *cultural industries*, *economic impact, European integration*.

JEL: Z1.

Introduction

The variety of activities embraced by the term "cultural industries" assigns them to different economic sectors and belongs to the scope of the different policy instruments (of economic, cultural, social, educational policies). In the recent years the cultural industries became very popular in Europe, Asia, USA, and Latin America not only among the cultural sector, but also among economists and policy-makers. The number of studies of their economic impact increased significantly but yet in Bulgaria and in the region of Southeast Europe, they are insufficiently assessed in the economic literature. There are no specified policies for their development as a sector. This could be attributed to their interdisciplinary nature, therefore often perceived as an *oxymoron*. Raised initially by the Frankfurt school (Adorno and Horkheimer), it is defined by the penetration of the industrial methods of organization of cultural production and their mass reproduction with the technology means. Influenced by economic and political contexts, the notion bears content transformations into *creative or copyright industries* etc. to the end of emphasizing its economic matter.

The reasons for raised interest in the field might be assumed in political, economic and socio-cultural terms. Faster growth of these industries in the West and their significant contribution to the GDP are among thise reasons, along with the attempts of cultural sector to prove being not only a consumer, but also a producer of economic welfare.

Essential role for the intensive studies in the field is played by the intergovernmental organizations (Council of Europe, UNESCO, WIPO, OECD) and other international organizations and non-governmental networks. By the means of their programs the new forms of cooperation among the countries in SEE have arisen, many projects and networks have been developed, some of which dedicated specifically to feasibility studies of the cultural industries in Bulgaria, Serbia, FYROM, Montenegro, Romania.

The European Union enlargement process has lead to substantial reforms in the national economies in the newly acceded countries – Bulgaria and Romania, but also has influenced significantly the candidate countries (Croatia, FYROM and Turkey) as well as the other countries in the region.

The present paper attempts to analyze the overall situation and the place of cultural industries in the countries of Southeast Europe assuming the influence of two factors: 1) the transition to market economy and 2) the stages of EU integration in the region. On that foundation are studied the opportunities for regional cooperation, available through the different EU policies (such as: pre-accession programs, structural funds, Community programs).

The **subject** of the study is *cultural industries* and the main topic – the opportunities for enhancing their economic impact in the SEE region. (This paper is a part of a research in the framework of PhD candidate thesis on the economic impact of the cultural industries in Bulgaria). The notion "countries of South East Europe" is understood as Albania, Bosnia and Herzegovina, Bulgaria, Greece, Kosovo, FYROM, Romania, Serbia, Croatia, Montenegro and (partly) Turkey. Because of the insufficient data not all of them are equally analysed.

Main thesis of the study is that the impetus of the development of the countries in the region, as a result of the transition, determines the accelerated development of cultural industries in SEE and the raised interest in their economic contribution. International cooperation and EU integration are catalysts in this process.

Main objectives: 1) to clarify the term *cultural industries* according to the national and regional context; 2) to present the main methods for studying of the economic impact of cultural industries, used in the region in the recent years; 3) to study the correlations between the economic and political transformations in the countries in question, and the development of cultural industries; 4) to analyze those financial instruments of the intergovernmental organizations and the EU, the priorities of which are or may be applied for the development of the cultural industries in SEE.

Definitions and approaches for studying the cultural industries[1]

The Studies in Economy and culture relations have existed for more than 40 years now and the *cultural industries* discourse started in the forties of the 20th Century. Adorno and Horkheimer, who introduced this notion in the scientific area, believed that the technical progress was the basis for development of commercial, in terms of their purpose, and cultural, in terms of content, activities and products. Penetration of the industrial methods of organization of cultural production, boosted by the technologies, leads to their mass production and distribution, with the respective positive and negative consequences (Filipov 2005, p. 130).

The Economy of Culture discipline studies the correlation of cultural and economic values and their effects on the cultural industries. As in Bulgaria these matters have not yet become so popular, we rely on existing concepts and methods of studying, in order to find the most appropriate ones according to the national and regional context. For the interdisciplinary type of those industries, they are subjects of interest of various types of researchers: economists, sociologists, experts in cultural studies and intellectual property. Each of the methodologies used is based on specific approaches and practices, and brings about various definitions, but also notions, related to cultural industries. Such notions for instance are "creative industries", "copyright based industries", "creative economy".

For the sake of the present study there is a need of clarification of those definitions and of their adequate positioning in the Southeast European regional context.

Cultural industry and Cultural industries

As a singular term it was used first in the 1940s (XX-th Century) bearing negative connotations and strong accent on the commercialization of the arts products, as depriving them of their intrinsic artistic value. In plural, the term appears in the 70s this time with a more positive connotation, in the first research on the economy of culture (and in particular with the research work of Myerscough (11, 1988). According to authors as Hesmondhalgh (9, 2002, p. 12) the plurality

[1] There are also other definitions, related to different methods of studying the cultural industries, e.g. by the OECD. UNESCO developed in 1986 "Framework of Cultural Statistics" for being able to collect cultural statistics, which influenced the cultural industries research. These and other related definitions such as "knowledge economy", "creative economy" and other are not subjects of the present study [ref. author, T. A.].

expresses more adequately the diverse features of these economic activities, as they comply with different market laws.

Since 2004 the European Union gave new impetus to the implementation of the Lisbon strategy goals with the idea to mobilize all the resources available, including culture. For that matter the European Commission committed the Study of the Economy of Culture in Europe, published by the end of 2006 (8). It was there where for the first time in the European practice there was a particular attention paid to the economic contribution of the so called "Cultural and Creative Sector"[2] and the role of the creative activities for improving the competitiveness of the European economy. According to the Study authors, "cultural industries" are: "A set of economic activities that ally conception, creation, and production functions to more industrial functions of manufacturing and commercialising at large scale, through the use of material supports or communication technologies"[3]. Considered as such, the scope of cultural industries is: **book publishing, press, magazines, sound recording, and wholesale and retail of these products**, **audiovisual activities** (production of films for television, production of institutional and advertising films, video publishing and distribution, exhibition, radio, production of TV programmes); **PR activities, multimedia and advertising**. This traditional perception of cultural industries should be considered as a departure point for their studying in SEE countries.

Creative industries

One of the largest notions used both in and outside Europe, the popularity of which is in constant increase also in the new EU member states, and the candidate countries. It is often used in a relatively incorrect way – as a substitute of the cultural industries – notwithstanding its larger scope and bedrock. The economy approach is in its origin, along with the intellectual property right as a core element of these industries. Key criterion for generating the term is the creativity as a main contribution to the production process and as a resource for increasing wealth. Except the above mentioned traditional cultural industries, within its scope we see also architecture, arts and antiques markets, artistic crafts, design, fashion design, interactive entertainment software, performing arts, software and computer services.

This very substance of the *creative* industries is a reason for their enormous popularity all over the world, and namely among the policy-makers, as thus it gave impetus of the more profound measurements of the growth and the employment rates in the sectors in question. Important role in this process played the British neo-liberal economic policy of the end of 90s (Tony Blair's government). Main contributions of this policy line may be summarized in:

- Pushing to the fore the economic contribution of the cultural industries and of the copyright based activities and new technologies in the British policy for culture and media;
- Promotion of the new extended notion of the *creative industries*[4] through the instruments of the British foreign policy: **"Those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation**

[2] Study of the Economy of Culture in Europe, (EC 2006, pp. 46-52) (8) http://ec.europa.eu/culture/eac/sources_info/studies/economy_en.html / accessed 12/10/2007.
[3] Ibid, 8, p. 47.
[4] The Creative industries notion has appeared initially in Australia brgining of 90s, XXth century. Most popular definition is the one made by the Creative Industries Task Force of the UK Department for Culture, Media and Sports (DCMS) in 1997 and published in the First Creative Industries Mapping document in UK, DCMS, 1998.

through the generation and exploitation of intellectual property"[5];

- Using the mapping (5) of these industries as a fundamental method for their studying, for the purposes of their appropriate introduction into the political discourse.

Some economists as Garnham (17, 2005, pp. 16-29) assume the creative industries concept as being dominated by political causes and the practice. It still needs scientific justification, in order to gain recognition as a part of the economic theory.

Another topical issue for the purpose of the present study, raised by the same author, is approaching the cultural and the creative industries through the prism of the state policies on culture and media. Hence more light is put on one of the main cultural sector's delusions – that "creativity" in those industries is assumed only as artistic creativity, and as such belongs only to the cultural sector. The experience of most contemporary researchers dealing with the phenomenon of regulating these industries through cultural and media policies', directs their focus towards the means of production, distribution and consumption, but from the point of view of the economy of innovation and the information society. The general trends in the EU policies for achieving a more competitive European economy, based on technologies, innovation and knowledge (Lisbon Strategy) require new approaches and methods for mobilizing to maximum all resources of the member states. Cultural industries shall not be excluded from this process but since in many states they are subject of national cultural or media policies, the need of changes in the approaches to their analysis is getting urgent. This is obvious in the context of specific studies of the economic impact of the cultural or of the creative industries.

The creative industries concept has gained numerous adherents in SEE countries. The Mapping of creative or of cultural industries has become one of the very explicit methods of accounting the position of thise industries in the national economies in the region. The very first essays for raising awareness of the countries and their governments has started with the Pilot project of the Council of Europe "Cultural Policy and Cultural Diversity"(15) (2000-2003), centered in Bulgaria, as well as with the MOSAIC Project for cultural policies and management in SEE. The British Council in 2005 started in all countries in the region (Greece and Turkey excl.) out of which a network of *Creative cities* and project teams has been developed in SEE. Thanks to this initiative in several cities in the region the first mapping exercises have been conducted – Plovdiv (Bulgaria), Split (Croatia), Belgrade (Serbia). Other cities like Tuzla (Bosniq and Herzegovina), Iasi (Romania) and Skopje (FYROM) have decided to start up a new project for general shifts of the institutional and urban environments towards more prosperous development.

Mapping in its traditional sense, according to the 1913 Webster's Dictionary, is "to represent or indicate systematically and clearly; to sketch; to plan; as, to map, or map out, a journey; to map out business"[6], which in the context of the cultural or creative industries "considers the process of successive identification (incl. in geographical terms) of the creative industries, delineation of their economic profile, scale, specificity, potentials" (2, p. 11). Borrowed by the experience of the Department of Culture, Media and Sports of the United Kingdom (5, 1998) this methodology allows more freedom in the interpretation of data and empirical sociologic material and enables to better identify the potentials for the development

[5] Creative Industries Mapping Document 1998, Department of Culture, Media and Sports, UK 1998 (5).
[6] http://machaut.uchicago.edu/cgi-bin/WEBSTER.page.sh?page = 894 / accessed 15/10/2007.

of the creative industries at a given territory and socio-economic conditions. Similar studies in Great Britain and Columbia, for instance, offered the governments and local authorities a clear "overview" of the situation in certain sub-sectors such as design, handicrafts, software etc., and enabled them to discern the obstacles and opportunities for development; to identify the number of employed in the sectors and the possibilities for job creation in the regions, as well as to set up adequate stimulation instruments for their development.

Copyright-based industries[7]

The methodology of the World Intellectual Property Organisation (WIPO), published in 2003 (8, 2003, p. 29), aims at emphasizing the economic contribution of the copyrights, through their various applications at the different levels of production and to create a basis for international comparison at global scale. This methodology was applied in Bulgaria in 2006-2007 (1), and in parallel two other countries from the region started the same type of studies – Romania and Croatia.

The Role of the context of social transformation

The hard transition to market economy in the Southeast European countries lead to drastic changes in state funding in all sectors where culture and science turned out to be among the most deprived. Seeking for alternative options for financing and organisation of cultural and creative sector was urgently needed.

The difference between the economic situations between Great Britain and the SEE countries determines the main trends in the development of the discourse for cultural and/or creative industries. According to the Croatian sociologists Petric and Tomic-Koludrovic (13, 2005, pp. 7-23), for instance, the *creative industries* concept is related to the "advanced economies", so there is no possibility for its direct application in the transition countries.

We could therefore express the hypothesis that **the impetus in creative industries (and cultural industries in particular) in South-East Europe is a result of the market economy development** in these countries. Main prerequisites for this assumption are:

- The democratic processes in the countries in the region together with the intensive presence of the international organizations and the civil society development;
- Introduction of the market principles in the main economy sectors, including of the main cultural industries such as publishing, electronic and print media, film production sound recording etc.
- Increasing the level of the foreign direct investment;
- Penetration of the new technologies (which have essential impact to mass production and distribution of these industries);
- The processes of European integration in the region that boost reforms in all public spheres and mostly in the economic sector.

After the 1990s recession by 2003 the real growth of the GDP in South East Europe has risen by 3,5 % comparing to the previous time period, which is faster than the 2,6 % growth of the world economy[8]. According to the data quoted by the Guide for investors in SEE developed by the South-East European Economic

[7] Definition of the so called Core copyright industries: "The core copyright industries are industries that are wholly engaged in creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other [copyright] protected subject matter". WIPO Guide, 2003, c. 29.
[8] Report Building market institutions in South East Europe, World Bank, 2004.

Forum (2006) in 2005 the average growth in SEE was 5,4 % comparing the previous year. This growth is namely due to the private sector development. Crucial role of the sustainability of the trend is the improved investment environment. At global scale it is usual that only powerful and large scale economies as USA, UK, India, Japan etc. are "doomed" to success as net exporters of cultural industries' production. In **the film production** sphere, for example, these are the largest producers (over 200 films per year): India (839), China and Hong Kong (469), Philippines (456), USA (385) and Japan (238)[9]. All SEE countries, event the richest ones, mentioned above, belong to the group of "small producers" – that produce between 1 and 19 full length movies per year. Main issue in this industry is that, due to the high "first copy" costs, it relies very much on the state subsidies and in most SEE countries, despite the introduction of market principles, the appropriate legal basis was established for guaranteeing at least a minimum of national film production. The number of the full-length feature films at European level is increasing, realised as co-productions with the support by the EURIMAGES fund[10]. The number is increasing significantly after the participation of the independent countries of former Yugoslavia after year 2001. Till then, since the fund's establishment in 1988, only Greece, Bulgaria, Turkey and Romania had been members. In 2003-2007, for instance, an average of 11 co-productions per year has been supported with the participation of SEE countries. The number of regional co-productions is also raising, the film distribution and exhibition is also stimulated by the Fund, through support of cinema theatres in 5 countries in Southeast Europe. Since 2001 there is also a regional association – South East European Film Network – aimed at setting up a fund for support regional film projects. The EU member countries in the region (Bulgaria, Romania, Greece and Slovenia) participate in the MEDIA Community program, aimed at improving the competitiveness of the European audiovisual industry by supportive measures for training, development, distribution, promotion and festivals. The program is open for accession of Third countries with priority attitude to candidate countries and those, which concluded stabilization and association agreement (SAA). Up to the present moment, none of the rest of SEE countries have signed memorandum for acceding the MEDIA program, which could be considered as an obstacle before the creative initiatives of professionals from non-EU member states in the region.

The drastic decrease of the number of cinema theatres in cities and towns all over the region is a typical feature of transition period (counterbalanced to a certain extent by the new multiplex cinemas in big cities), as shown in the Table 1 below. The European Audiovisual Observatory (LUMIERE Data) provides data that over 60 % of the acquisitions in Europe are US movies. According to the EAO calculations between 1996-2003 in Europe the acquisitions of SEE films are as follows: 1 FYROMn, 1 Bosnian, 1 Croatian, 5 Albanian, 10 Bulgarian, 9 Serbian, 12 Romanian.

As regards the number of yearly acquisitions per person, the data presented by the EAO for 2005 – in Croatia average acquisition per person is 0,9, in Bulgaria (0,3), in Romania (0,1). For comparison – the average acquisitions per person in EU are almost 3, in USA – 4,7. The main reasons for this differences might be considered the narrowed distribution network, the large offer of DVD, the increased ticket prices, but also the piracy.

9 "Cinema and Audiovisual Media: A Survey on National Cinematography" UNESCO, 2000, http://www.unesco.org/culture/industries/cinema/html_eng/survey.shtml accessed, 13/10/2007.
10 Only Albania from the SEE countries is not a member of the Eurimages fund.

In the TV and radio broadcasting the average growth is above 50 % of the hours of transmissions and almost the same growth of number of TV transmissions. Serbian market marks highest rates of growth – almost 100 % for radio- and above 100 % of TV transmissions. A proof for liberalization of the TV market in SEE and the competition is the number of commercial operators. (for instance in Bulgaria 169 TV programs are transmitted by private and only 17 by public operators).

The fast introduction of new technologies in all spheres has also influenced the increased interest and growth of cultural industries – a fact recognized by most researchers of cultural industries in the region. Increasing the internet use is also an important precondition for

Table 1. ***Production in some cultural industries in SEE countries (1996-2003)***

	Country	Population est. (2004)	Books, Number of titles per year		Films, number produced		Radio transmissions (hours)		TV transmission (hours)		Cinema theatres	
			1996	2002	1996	2002	1996	2003	1996	2003	1990	2000
1	Albania	3.074.600	N/A	N/A	N/A	N/A	13,870 (2002)		N/A	11,315 (2002)	65	25
2	Bosnia & Herzegovina	4.359.800	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Bulgaria	7.888.600	4,840	6,018 (2002)	7 (1997)	6 (2002)	314,773 (1997)	525,511 (2003)	261,816 (1997	498,091 (2003)	300 (1993)	149
4	Croatia	4.376.800	3,879	4,298 (2002)	7	16 (2003)	480,514	870,795 (2003)	30,701	75,657 (2003)	273	143
5	Macedonia	2.133.100	N/A	-	2 (1997)	2 (2002)	N/A	622,382 (2003)	N/A	338,166 (2003)	40 (1996)	23 (2003)
6	Romania	21.480.200	7,199	10,159	11	6 (2000)	80,065	96,033 (2000)	13,095	15,296 (2000)	4,637	279
7	Serbia & Montenegro	10.519.400	5,381	4,643	4	16 (2001)	544,000	1,004,000 (2000)	77,615	291,324 (2001)	398	167
8	Slovenia	1.954.500	3,441	3,917	4	9 (2000)	319,530	471,167 (2000)	64,420	89,111 (2000)	140	78

Source: National statistical institutes of the countries and European Audiovisual Yearbook 2003 and Focus 2006[11]

[11] This data was quoted and interpreted by Jaka Primorac in the publication Cultural Transitions in Southeastern Europe, ed.by N. Švob-Dokic (2004), Zagreb: Institute for International Relations, pp. 59-78, and complemented by the author on the basis of the Compendium of ERICarts (www.culturalpolicies.net).

faster penetration of the technologies and the industries, and their larger outreach[12]. The data presented below shows that during 2000-2007 in countries like Albania and Bosnia and Herzegovina the dissemination of internet amongst the populations increased over 70 times[13]! Slovenia has largest scale of internet penetration, comparing to the number of population – over 50 %, which places it among the first in EU[14]. Bulgaria is at 4th position in the region with 28,7 %, preceded by Greece and Croatia. The average growth for the region during the 7 years period in question is about 2310.75 %, as obviously in countries with highest growth rate it was close to zero in the beginning of 1990s.

Introduction and efficient enforcement of better legislation for intellectual property protection is not only an issue of the authors themselves. It has already been recognized in the countries as a factor for improvement of the economic climate; as a guarantee for security and competitiveness of local and foreign companies in the NT and software business. The recently published Study of the copyright-based industries in Bulgaria has shown contribution of these industries to GDP for 2005 of 2.81 %, which positions them at 11th place among the main economic sectors of Bulgarian economy (3.42 % is their contribution to the Gross Value Added) (see Charts 1 and 2). The growth in the sector for the studied period is of almost 50 %, the gross production – with 33 % and the number of employed – with 13 %. In certain sectors of the so called *Core* copyright industries, as "Production and distribution of films and video" the growth is 166 % for 2 years only! Within the scope of this group only the film and vide production has grown with 225 %! Another very dynamic sector is "Software and databases" with 93 % growth for 2003-2005, whereas here the most important activity for development of original software (the creative element) for satisfying the needs of the clients, and the web design, have grown with 108 %. The third fastest sector in Bulgaria is "Architecture". Calculated in line with the WIPO methodology, the copyright

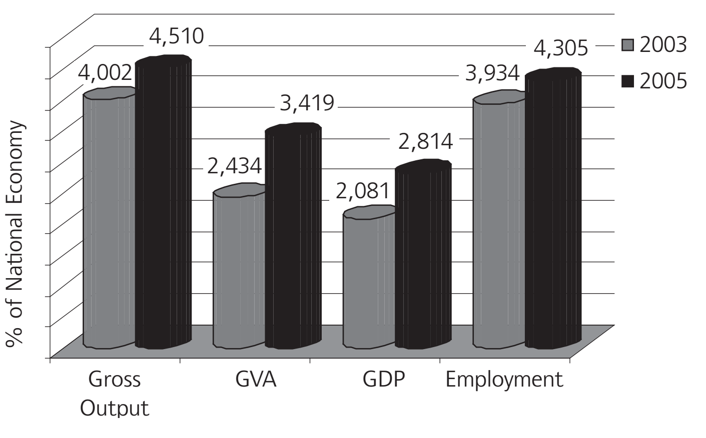

Chart 1. Growth of the Copyright industries' share in the main economic indicators in Bulgaria for 2003-2005

12 Primorac, Jaka "Mapping the Position of Cultural Industries in Southeastern Europe", in Cultural Transitions in Southeastern Europe.
13 www.internetworldstat.com and other sources.
14 As Slovenia is less and less perceived as SEE country, the data are quoted only to illustrate the differences with the developed EU countries [ref. author, T.A].

based industries (which to a great extent overlap with creative industries) bypass the GDP share of sectors like "Hotel and Restaurants" and "Extraction industry"[15].

In many peoples' minds in the cultural sector, is still difficult to overcome the border dividing the subsidized culture (expressed by the means of cultural policy) and the private entrepreneurship in sound recording, film production, advertising etc. As it was previously explained, the need of "legitimizing" the non-profitable (subsidized) cultural sector for more and efficient state funding, made the Anglo-Saxon modes of the creative industries so attractive. On the other hand, the studies of this model elsewhere in the world have shown that the highest economic contribution of this model is not due to the arts sector (subsidized by states, municipalities, regions, funds), but from the economic activities – the pure industries, combining the various forms of cultural expression and means for their mass reproduction. (for instance, the Gross Value Added, created by the Core copyright industries in Bulgaria was 2.12 % for 2005 (1, p. 9). for the same year the public expenditures for culture were 0.72 % of GDP. The subsidies for the most growing sector of these industries – the "Book publishing and Print" in the framework of this annual budget subsidy is only 0.12 %)[16]. The WIPO methodology is based mainly on NACE statistic classifications of the countries (introduced in Bulgaria in 2003) and in the case of this study do not take into consideration the activity generate incomes of the biggest theatres, operas and philharmonic orchestras etc. Nevertheless the economic statistics take into consideration these sales incomes of state and municipal cultural organization but under general codes where they are mixed together with a great variety of activities and their distinction for the sake of proper studying is practically impossible. It should be noted that the WIPO Guide still offers one of the most elaborate methods for research in this area. Notwithstanding the central focus on the copyrights, it could be used for gathering and analysis of comparable data from the SEE countries. The issue of the further implementation of that experience and of the conclusions and recommendations made.

Serbia is among the countries in the region which put efforts in overcoming the unclear status of the cultural industries in their culture and media policy. Besides the experience in mapping the creative industries in Belgrade city in 2005, a mapping exercise of the economic potential of these industries at national scale has been performed in 2005 (11) using similar methodology.

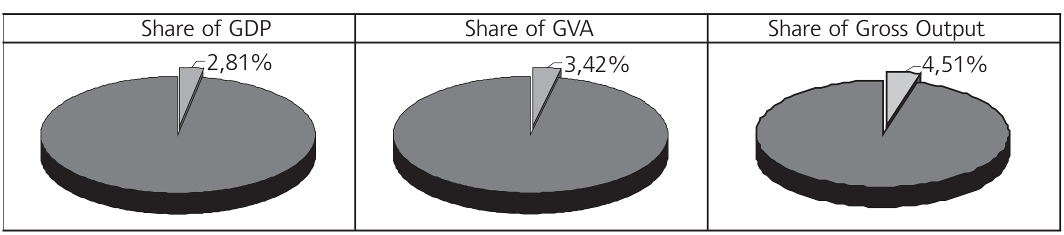

Chart 2. Economic contribution of copyright industries in Bulgaria for 2005

Source: Study of the Economic Contribution of the Copyright Based Industries in Bulgaria (2003-2005), p. 10.

15 Study of the Economic Contribution of the Copyright Based Industries in Bulgaria (2003-2005), University Ed. "Stopanstvo", 2007.
16 Ibid.

According to this study in 2004, about 1 316 enterprises were active in the cultural industries and the number of employees were 21 397. (The proportion in total number of Serbian employees is about 1.36 %). The economic performance (net profit ratio, income, net income ratio etc.) of enterprises in the cultural industries is better than the average for the whole economy. The most profitable industries in Serbia for the studied period were publishing journals and similar periodicals (net profit ratio 22.26 %), publishing books (net profit ratio 10.66 %) and film and video production (net profit ratio 10.4 %). For comparison, the same year net profit ratio for the whole economy was 3.57 %.[17] These sectors are the largest – both in terms of number of companies, but also as number of people employed in them. Over 58 % of all companies studied are in the book publishing and print sector, around 24 % in radio and TV activities.

The state through its instruments and relevant policies shall create conditions for sustainable growth of these sectors. Their fast growth, relatively easy market access, highly educated workforce are an advantage for every city and region.

Practices in many western countries and mainly European regions have demonstrated interesting examples how through the financial instruments of the EU (Structural funds, Cohesion fund, Community programs) the groundwork of successful development of these industries have been laid down. The bright examples of Merseyside (Liverpool), the Guggenheim Museum (Bilbao), the creative clusters in Berlin, are still at a distance from the South East European realm, but not impossible, while speaking about integration processes in the EU.

Impact of the international institutions and the European integration processes in the region on the development of cultural industries

1) Since 1990s there are results of the pro-active role of the intergovernmental organizations as UNESCO, Council of Europe, Stability Pact for SEE, as well as of the network non-governmental structures (Open Society Institute, Pro Helvetia and other) for stimulating the administrations and the civil societies and to facilitate democratization processes. The foreign cultural institutes were among the first promoters of various instruments and models. They gave impetus to the first transversal studies in cultural sector and cultural industries, trained hundreds of professionals in public and private sphere, introduced and created *in situ* know-how and networks of international and local experts.

2) Along the way, paved by the common European policy in some spheres, this mixed model of partial protectionism and subsidies (through the various EU funds and programs), the governments of member states would not completely withdraw from this sphere. However, the same financial instruments of the EU – for support regional development, enhancing competitiveness, raising GDP per capita at national and regional level, aim at stimulating entrepreneurship in businesses, including in the cultural industries.

- Operative programs for regional development, for enhancing competitiveness and for human resources development offer opportunities for SMEs (as cultural industries are very often SMEs), for training and pre-qualification of artists running their own "creative" businesses. In order to be eligible and comparable to other sectors,

[17] Compendium: Cultural policies and trends in Europe www.culturalpolicies.net /accessed 15/10.2007.

these industries need such economic studies of their core activities and economic potential in the countries and regions;

- for those countries, which are on the way to EU accession it is very important to use the existing experiences from the pre-accession process (that for SEE case followed inseparably the transition to market economy). Not only by legislation reforms and harmonization with the *acquis* , but also by real examples from the intellectual property sphere, media policy, specific projects and programs could have an impact to their development – at first – as awareness raising tools among the policy-makers;
- the pre-accession programs acting in the region (the final PHARE – CBC) and the joint work under new INTERREG (2007-2013) are a good opportunity for inclusion of cultural industries in programming (where possible); unfortunately only single projects were related to the cultural industries issues under the previous PHARE – cross-border cooperation schemes; Western Balkans benefit also from financial assistance from the EU, in particular under the CARDS programme, the purpose of which is to support the necessary political and economic reforms with a view to future accession to the EU. Between 2000 and 2006, subsidies totalled EUR 5.4 billion for the region. The European Investment Bank (EIB) granted EUR 2 billion in loans;
- in the fields of education and research, the countries of the non-EU member states from SEE – called Western Balkans – take part in a number of Community programmes such as TEMPUS, Erasmus Mundus, and Youth, in framework programmes for research (the 7th Framework Programme starts in 2007) and in the activities of the Joint Research Centre (JRC) and the European Training Foundation (ETF). They also can us Technical Assistance Information Exchange Office (TAIEX).[18]

Having adopted once the principles for widening and deepening of the integration and following the examples of many EU countries, the South East European countries have to show effort and to prove that those sectors, considered as non-profitable (as culture and education) may have contribution to achieving economic goals and to enhancement of regional development. Last but not least, integrated approach of the different policies and instruments is necessary, because of the interdisciplinary nature of the cultural industries (and of their larger form – the creative industries). Even though often being unable to achieve political consensus in the SEE region – the existing experts' networks and the experiences acquired in research will be of help to the direct beneficiaries of the existing programmes – the entrepreneurs themselves in the field of culture and cultural industries.

Conclusions

The attempt for analysis of cultural industries in the context of social transformation in the countries of Southeast Europe has brought about several conclusions on the main objectives:

1) In respect of the definitions and approaches.

The prospective model of *creative* industries is gaining recognition at global scale. It is still not easy to find a suitable form for applying this concept in the SEE region, since it has been born by the liberal western economy. It did not come out of transition to market economy and in predominant subsidized cultural sector.

Both approaches presented here – the "mapping" and the WIPO method for studying the economic impact of copyright industries, are base on data

[18] http://europa.eu/scadplus/leg/en/lvb/r12650.htm /acessed 15/10/2007.

provided by the national statistics. They have already been tested at local and at national level in Bulgaria, Serbia, Romania and other countries. On the basis of the studies performed and the attempts for comparison of their economic impact, still **the cultural industries** offer more consistent and comparable empirical information, than the *creative* industries. This is due to the national specificities that the researchers had to comply with while identifying the scope of the "creative" industries. Light is put on in this respect by the systematized WIPO approach, namely regarding the copyright element which is fundamental for the creative industries. Therefore it is most closely related to the subject of the study in the "Core" copyright industries division and partly with the "Interdependent" industries. (1, 2007, p. 8).

2) In respect of the correlation between social transformation and the development of cultural industries in the region.

The studies done in the region have shown that the "core" cultural industries such as book publishing, printing, film production and distribution, sound recording, mass media, wholesale and retail with their products etc. are almost entirely privatized. That is a reason for their economic growth and increased contribution to the national economies in Southeast Europe. The raised interest leads to the first studies in of the economic impact of cultural industries in some of the countries.

The main contradiction between desires and possibilities for development of the cultural industries in SEE as regional development factor comes from the lack of sufficient research of that kind, which to be able to convince the institutions in the positive perspectives for development of cultural industries as drivers of innovation and entrepreneurship in regions and cities.

3) In respect of the role of the international cooperation and the European integration – a stimulated economic impact of cultural industries in Southeast Europe.

Serious reforms towards democratization and integration in the European Union bring about additional restructuring and adaptation of these economies to the existing opportunities for international support. The membership of the SEE countries in intergovernmental organizations and many programs for technical and financial assistance has proven their positive impact through the increased number of co-productions, the development of regional and trans-regional partnership networks for distribution etc.

Being a part of the national economy cultural industries, together with all economic activities in Slovenia, Bulgaria, Greece and Romania, are now working in the conditions of the Economic and Monetary Union. Through precise studies and harmonized statistics, these activities could be possibly set apart as a specific sector, which could be eligible for the EU financial instruments. Strategic actions in this direction are needed and there is a consensus at the European Union level on this very important issue, regarding the more precised measurement of the cultural sector's contribution, as well as of the creative industries, to the growth and competitiveness of the European economy.

The European Union has also enlarged to a great extent the access of the SEE countries to the Single market. Beforehand, the liberalization of trade within the region was accelerated through signing Memorandum of understanding for liberalization of trade in SEE (2001). Economic and commercial integration depends in particular on the negotiation of Stabilization and association agreements (SAA) which provide for the establishment of a free-trade zone between the EU and the countries involved; the negotiations for the conclusion of SAA are under way with Albania, Bosnia-Herzegovina, Serbia and Montenegro. Some World Bank experts assume that institutional reforms could facilitate more foreign direct investments in the region (5).

Proving their serious potentials and fast growth pace, compared to some traditional sector of the economy the cultural (or creative) industries may become also subject of interest for foreign direct investments but also of specific crediting systems, thus stimulating growth, poverty eradication and the sustainable development of the regions.

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