

Creative Industries Sector Report

This report covers Advertising and Marketing; Architecture; Crafts; Design (product, graphic and fashion design); Film, TV, video, radio and photography; IT, software and computer services (including video games); Museums, galleries and libraries; Music, performing and visual arts; and Publishing.

1. This is a report for the House of Commons Committee on Exiting the European Union following the motion passed at the Opposition Day debate on 1 November, which called on the Government to provide the Committee with impact assessments arising from the sectoral analysis it has conducted with regards to the list of 58 sectors referred to in the answer of 26 June 2017 to Question 239.
2. As the Government has already made clear, it is not the case that 58 sectoral impact assessments exist. The Government's sectoral analysis is a wide mix of qualitative and quantitative analysis contained in a range of documents developed at different times since the referendum. This report brings together information about the sector in a way that is accessible and informative. Some reports aggregate some sectors in order to either avoid repetition of information or because of the strong interlinkages between some of these sectors.
3. This report covers: a description of the sector, the current EU regulatory regime, existing frameworks for how trade is facilitated between countries in this sector, and sector views. It does not contain commercially-, market- or negotiation-sensitive information.

Description of sector

Overview

4. The Government defines the Creative Industries as 'those industries which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property.'¹
5. The Creative Industries sector comprises nine sub-sectors:
 - Advertising and marketing;
 - Architecture;

¹ [Creative Industries Mapping Documents](#), Department for Digital, Culture, Media and Sport, 9 April 2001

- Crafts;
- Design: product, graphic and fashion design;
- Film, TV, video, radio and photography;
- IT, software and computer services;
- Museums, galleries and libraries;
- Music, performing and visual arts; and
- Publishing.

Gross Value Added²

6. The Gross Value Added (GVA) of Creative Industries was £87.4bn in 2015, an increase of 34% compared with 2010.
7. The Creative Industries accounted for 5.3% of the UK economy in 2015, up from 4.6% in 2010. The sector grew by 34% between 2010 and 2015, whilst the UK economy as a whole grew by 17.4% over the same time period.
8. The GVA of Creative Industries in England was £82,158m, in Wales was £825m, in Scotland was £3,397m and in Northern Ireland was £970m.³

Gross value added (GVA) for Creative Industries sub-sectors
Unit: £m
Years: 2010 - 2015
Coverage: UK

Sub-sector	2010	2011	2012	2013	2014	2015	% change 2014 - 2015	% change 2010-2015	% of UK GVA 2015
1. Advertising and marketing	6,213	6,751	7,793	9,236	9,956	10,721	7.7	72.6	0.6
2. Architecture	2,297	2,857	3,040	2,987	3,466	3,368	-2.8	46.6	0.2
3. Crafts	292	307	283	213	435	407	-6.4	39.4	0.0
4. Design and designer fashion	1,968	2,292	2,533	2,676	2,643	2,576	-2.5	30.9	0.2
5. Film, TV, video, radio and photography	12,119	12,573	12,998	13,112	13,266	15,880	19.7	31.0	1.0
6. IT, software and computer services	25,387	27,917	28,865	30,619	33,094	34,733	5.0	36.8	2.1
7. Publishing	10,230	9,841	10,178	10,088	10,311	10,122	-1.8	-1.1	0.6
8. Museums, Galleries and Libraries	1,322	1,223	1,236	1,432	1,279	1,086	-15.1	-17.9	0.1
9. Music, performing and visual arts	5,360	5,637	6,107	7,522	7,175	8,457	17.9	57.8	0.5
Creative Industries	65,188	69,398	73,033	77,885	81,625	87,350	7.0	34.0	5.3
UK	1,414,635	1,452,075	1,495,576	1,551,553	1,624,276	1,661,081	2.3	17.4	100

Notes

1. Data are in current prices (i.e. have not been adjusted for inflation).
2. 2015 GVA is based on the output measure of GVA to allow consistency with the sector measures for 2015. This is aligned average GVA up to and including 2014 (last Supply Use balanced year) but then uses growth in the output measure as a proxy for GVA beyond that. The 2015 figure therefore differs from ABML (Gross Value Added at basic prices). 2010 – 2014 GVA estimates use balanced GVA at current prices (ABML).
3. Video games are part of IT, software and computer services, contributing £427m GVA in 2015

² [Sectors Economic Estimates 2016](#), Department for Digital, Culture, Media and Sport, 4 August 2016

³ [Constrained regional gross value added \(GVA\) estimates](#), Office of National Statistics, 22 March 2017

Employment

9. In 2016, there were 2 million jobs in the Creative Industries, 6% of total jobs in the UK, and a growth of 25.4% since 2011.⁴

10. In 2016, there were 3 million jobs in the wider creative economy.^{5,6} This accounts for 9.3% of all UK employment, up from 8% in 2011.⁷

Employment in Creative Industries sub-sectors

Unit: Thousands
Years: 2011 - 2016
Coverage: UK

Sub-sector	2011	2012	2013	2014	2015	2016	% change 2015 - 2016	% change 2011-2016	% of Creative Industries Employment 2016
1. Advertising and marketing	148	144	155	167	182	198	7.7	33.3	10.1
2. Architecture	94	89	94	101	90	98	8.3	4.2	5.0
3. Crafts	9	7	8	8	7	7	0.8	-25.5	0.3
4. Design and designer fashion	102	117	124	136	132	160	17.6	57.4	8.2
5. Film, TV, video, radio and photography	211	240	232	228	231	246	5.8	16.6	12.5
6. IT, software and computer services	483	558	574	607	640	674	4.9	39.4	34.4
7. Publishing	211	223	198	193	200	193	-3.9	-8.5	9.9
8. Museums, Galleries and Libraries	91	86	85	84	97	92	-4.5	1.8	4.7
9. Music, performing and visual arts	213	227	244	284	286	291	1.7	36.6	14.9
Creative Industries	1,562	1,691	1,713	1,808	1,866	1,958	5.0	25.4	100.0
All UK	30,129	30,334	30,760	31,410	32,037	32,422	1.2	7.6	

Notes

1. Estimates rounded to the nearest 1,000.

2. Video games are part of IT, software and computer services, employing 23k in 2016

11. The Creative Industries are characterised by a large number of very small enterprises with 89% having fewer than five employees, compared with 76% for the UK economy as a whole. When measured in 2014, there were nearly 250,000 enterprises in the Creative Industries, 31.7% greater than in 2009. 94.7% were micro enterprises (fewer than 10 employees), and 99.8% were SMEs (fewer than 250 employees). The Creative Industries accounted for 12% of the total number of enterprises in the UK in 2014.⁸

⁴ [Sectors Economic Estimates 2017: Employment and Trade](#), Department for Digital, Culture, Media and Sport, 26 July 2017

⁵ [Sectors Economic Estimates 2017: Employment Occupations - Creative Industries and Digital Sector](#), Number of people employed in the Creative Industries (1.96 million) plus those in creative occupations outside of creative businesses (1.08 million)

⁶ Creative Industries Economic Estimates definition (Department for Digital, Culture, Media and Sport). It is important to note that there is not an internationally accepted definition of the Creative Economy (see [UNCTAD's report on the Creative Economy](#))

⁷ For statistical purposes the creative economy is defined as including all jobs in the Creative Industries and all those in creative occupations in sectors outside the Creative Industries

⁸ [Sectors Economic Estimates 2016](#), Department for Digital, Culture, Media and Sport, 4 August 2016

EU workforce

12. In 2016, across the whole of the Creative Industries, 6.7%, or 131,000 workers, were EU nationals. This compares with 7.0% for the economy as a whole.⁹

13. The proportion of EU nationals working in the Creative Industries also differs between the sub sectors. The highest proportion is in Publishing, where 9.8% of employees are EU nationals, followed by Architecture on 9.2%.¹⁰

14. Music, performing and visual arts have the lowest proportion of EU nationals working in the sector, with 4.1%.

15. In 2016, the EU workforce in Creative Industries increased by 14.5%, which is a slower increase than the UK as a whole, which grew by 15.6%. From 2012 to 2016, the EU workforce in Creative Industries increased by 47%, whilst it grew by 57% for the UK as a whole.¹¹

⁹ [Sectors Economic Estimates 2017: Employment - Creative Industries Sub-Sector](#), Department for Digital, Culture, Media and Sport, 26 July 2017

¹⁰ [Sectors Economic Estimates 2017: Employment - Creative Industries Sub-Sector](#), Department for Digital, Culture, Media and Sport, 26 July 2017

¹¹ [Sectors Economic Estimates 2017: Employment - Creative Industries Sub-Sector](#), Department for Digital, Culture, Media and Sport, 26 July 2017

Employment in Creative Industries sub-sectors, by EU nationality
Unit: Thousands
Years: 2012-2016
Coverage: UK

Nationality	Sub-sector	2012	2013	2014	2015	2016	% Change 2015-16
EU	1. Advertising and marketing	12	7	7	8	11	38.8
	2. Architecture	-	-	9	7	9	26.8
	3. Crafts	-	-	-	-	-	-
	4. Design and designer fashion	7	10	12	9	11	23.6
	5. Film, TV, video, radio and photography	13	10	11	15	16	5.5
	6. IT, software and computer services	27	30	34	37	52	40.2
	7. Publishing	14	13	18	19	19	2.6
	8. Museums, Galleries and Libraries	-	-	-	-	-	-
	9. Music, performing and visual arts	9	7	11	14	12	-18.6
	Creative Industries		89	86	105	115	131
All UK		1,435	1,517	1,771	1,953	2,258	15.6

Notes

1. Estimates rounded to the nearest 1,000.
2. Blank entries subject to ONS Statistical Disclosure Control to safeguard confidentiality

16. The proportion of EU nationals working in each Creative Industries' sub-sector is as follows:¹²

Creative Industries Sub-Sector	EU nationals (%, 2016)	People (thousands)
1. Advertising and marketing	5.6%	11
2. Architecture	9.2%	9
3. Crafts	-	-
4. Design and designer fashion	6.9%	11
5. Film, TV, video, radio and photography	6.5%	16
6. IT, software and computer services	7.7%	52
7. Publishing	9.8%	19
8. Museums, Galleries and Libraries	-	- ¹³
9. Music, performing and visual arts	4.1%	12
Total Creative Industries	6.7%	131
All UK	7.0%	2,258

¹² [Sectors Economic Estimates 2017: Employment - Creative Industries Sub-Sector](#), Department for Digital, Culture, Media and Sport, 26 July 2017

¹³ Figures are suppressed due to ONS statistical disclosure control to safeguard confidentiality given the small sample sizes

Trade^{14 15}

17. The Creative Industries account for 9.4% of the value of all UK services exports. Furthermore, more of these services exports go to the EU (42.5% in 2014, 45% in 2015) than the average for UK services exports.
18. The value of services exported by the Creative Industries in 2015 was £21.2bn. This is a 44.3% increase on 2010. For comparison, total UK services exports grew by 29.5% from 2010 to 2015.
19. The Creative Industries exported £14.7bn worth of goods in 2015, 38.6% more than in 2010, and this represented 5.2% of total UK goods exports. The highest export sub-sectors were “Music, performing and visual arts”, “Crafts”; and, “Publishing”.

Exports of services to the European Union (EU)

Unit: £m

Years: 2015

Coverage: UK

Sector	EU	Rest of world	% EU	% rest of world
Creative Industries	9,563	11,670	45.0	55.0
All UK	88,909	136,576	39.4	60.6

Notes

1. Data are in current prices (i.e. have not been adjusted for inflation).
2. Data cover exports of services only (not goods)
3. UK estimates taken from ONS Pink Book 2016 (Chapter 9)

Total value of exports of services by continent, 2014¹⁶

¹⁴ [Sectors Economic Estimates 2017: Employment and Trade](#), Department for Digital, Culture, Media and Sport, 26 July 2017

¹⁵ Within the exports of services by continent statistics, ‘Europe’ includes non-EU European countries

¹⁶ [DCMS Statistics Focus on Creative Industries 2016](#) (Table 2) Department for Digital, Culture, Media and Sport., 2016

Total value of exports of services from the UK Creative Industries by continent, 2014

Creative Industries Group	Exports (£ million)					Industry Total
	Europe	America	Asia	Australia	Africa	
<i>Advertising and marketing</i>	1,987.2	489.5	227.1	15.2	15.3	2,770.8
<i>Architecture</i>	71.0	81.5	261.5	5.6	26.7	446.2
<i>Crafts</i>	**	**	**	**	**	**
<i>Design: product, graphic and fashion design</i>	125.2	42.7	42.6	3.1	12.4	226.1
<i>Film, TV, video, radio and photography</i>	2,685.0	1,459.3	310.9	91.9	145.0	4,723.8
<i>IT, software and computer services</i>	5,227.8	2,534.6	733.2	161.3	139.8	8,833.5
<i>Publishing</i>	892.2	732.5	378.9	59.9	63.1	2,141.5
<i>Museums, galleries and libraries</i>	**	**	**	**	**	**
<i>Music, performing and visual arts</i>	361.7	173.1	80.7	18.6	4.6	644.2
Creative Industries total	11,355.9	5,526.4	2,039.0	355.9	406.8	19,809.4

Notes

1. ** = Subject to ONS Statistical Disclosure Control to safeguard confidentiality

2. Data are from the International Trade in Services

Devolved Administrations

20. The Creative Industries play an important role across the whole of the UK, with production bases and hubs in Scotland, Northern Ireland and Wales (e.g. Pinewood studios in Wales and Titanic studios in Belfast).

21. The GVA of the Creative Industries in 2015 in England was £82,158m, in Wales was £825m, in Scotland was £3,397m and in Northern Ireland was £970m.

*Constrained regional GVA estimates for DCMS Creative Industries sub-sectors in 2015
(£million)¹⁷*

Creative Industries	Englan d	Wales	Scotla n d	N Ire lan d	UK T otal
Advertising and marketing	1,0374. 4	32.4	224.0	90.2	10721
Architecture	3033.9	54.9	216.7	62.4	3368
Crafts	383.4	4.6	15.2	3.8	407
Design and designer fashion	2348.5	97.3	107.6	22.7	2576
Film, TV, video, radio & photography	15412. 2	108.9	273.6	85.5	15880
IT, software & computer services	31932. 8	351.4	1899.3	549.5	34733
Publishing	9683.7	35.7	324.8	77.8	10122
Museums, galleries and libraries	966.6	25.0	79.5	14.9	1086
Music, performing and visual arts	8022.2	115.4	256.1	63.3	8457

22. In 2016, those employed in the Creative Industries, as a proportion of all those in employment in each UK nation, was lower in the devolved nations than in England (Scotland 5%, Wales 3.7%, Northern Ireland 2.9%, England 6.4%).

23. As shown below, England has the largest proportion of UK creative jobs (88.8%), followed by Scotland (6.7%), Wales (2.7%) and Northern Ireland (1.2%):

Jobs in the Creative Industries, by each UK nation: 2016¹⁸

Region	Jobs in Creative Industries	Proportion of UK Creative Industries Jobs¹⁹
England	1,738,000	88.8%
Wales	52,000	2.7%
Scotland	132,000	6.7%

¹⁷ [Constrained regional gross value added \(GVA\) estimates](#) Office of National Statistics, 22 March 2017

¹⁸ [DCMS Sectors Economic Estimates 2017: Employment - Creative Industries Sub-Sector](#) Department for Digital, Culture, Media and Sport, 2017

¹⁹ a. Percentages have been calculated based on raw data, so may not exactly equal those calculated with rounded data

b. Totals for all regions will not equal the sum of devolved administrations because totals also include figures for 'Outside UK'

Northern Ireland	24,000	1.2%
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EU Funding Streams

24. Creative Industries have received funding from a range of EU funding streams such as Creative Europe, European Regional Development Fund (ERDF) and the the European Social Fund (ESF) and Horizon 2020, particularly SMEs outside of London.
25. Some of these funding programmes are paid out by local investment organisations (e.g Creative England in the case of ERDF funds) and they in turn provide investment/advice/training to local companies; and some funds are paid by the Commission directly (e.g. Creative Europe and Horizon 2020).
26. Based on Creative Europe Desk UK data, between 2014 and 2016 Creative Europe supported 283 UK cultural and creative organisations and audiovisual companies, as well as the cinema distribution of 115 UK films in other European countries, with grants totalling €57 million.²⁰ Within this:
- the Culture sub-programme gave grants of €15 million to UK cultural, creative and heritage organisations to support collaborative cultural activities and literary translation; and
 - the MEDIA sub-programme invested €40 million in the UK’s audiovisual sector to support film, television and video games.
27. The UK was allocated €10.8 billion related to Creative Industry projects from the European Structural and Investment Funds (ERDF and ESF) for 2014-2020²¹. This funding is managed by DCLG (ERDF) and DWP (ESF) in England, and the devolved administrations in Scotland, Wales and Northern Ireland.
28. The EU Horizon 2020 programme also supports the Creative Industries as it is the EU’s funding instrument for transnational collaborative research and innovation, funding a variety of research and innovation initiatives in academic and business, from basic research to applied near-market research to support for commercialisation.
29. However, it is not possible to accurately estimate how much Horizon 2020 funding benefits the Creative Industries specifically because funding calls are not associated

²⁰ [Creative Europe in the UK 2016](#), Creative Europe Desk UK, 7 July 2017

²¹ [European and Structural Investment Funds factsheet](#), European Commission - May 2016

with standard occupational classification (SOC) codes - the standard classification of occupational information for the UK.

The current EU regulatory regime

Overview

30. There is no single piece of specific legislation that governs all Creative Industries, although sector specific and general EU law applies (e.g. State Aid, services directive, e-commerce, and data protection).

State aid

31. State aid rules restrict the Government's ability to provide public support to commercial undertakings including in the domestic Creative Industries sector. The UK's creative sector tax reliefs are subject to EU State Aid rules. Aid for films and other audiovisual works must be granted in accordance with the Commission's Communication on aid for films and other audiovisual works. In summary, aid must be directed towards cultural works (assessed by national criteria - in the UK's case this is commonly via statutory 'cultural tests') and limits are placed on aid intensity and on required territorial spend for production activities.
32. Video games are not included in the Communication on aid for film. Tax relief for this sector has to be separately notified as a cultural aid under Article 107 (3) (d) of the Treaty on the Functioning of the European Union.
33. Domestic consumption of creative products is growing in developing economies across Asia, Latin America and Africa, as well as in developed ones. This demand has been boosted by rising real incomes in industrialised countries, while real prices of many of these products have fallen. It is also reflective of modern lifestyles linked increasingly to social networking, innovation, connectivity, style, status, brands, and cultural experiences.

EU frameworks and Directives

34. The value of human inputs (i.e. individual creativity, ideas and innovation) is high within the Creative Industries. The current UK Intellectual Property (IP) framework is

a mixture of national, EU/EEA, and international regulation. EU IP law does two main things:

- creates certain IP rights which would not otherwise exist, such as the unitary EU-wide registered trademark and design; and
 - harmonises rules around national rights so the substantive rules of Member State-awarded trademarks and designs are broadly similar. EU law has also harmonised many aspects of the copyright framework such as certain copyright exceptions.
35. There are a number of EU directives concerning the copyright framework that have been implemented into UK law and much of this framework is underpinned by international treaties which continue to apply. These international treaties include the Berne Convention, the Rome Convention and the World Trade Organisation (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
36. However, there are some uniquely cross-border reciprocal copyright mechanisms and arrangements which are not covered by the international framework. These include, for example, the country of origin rule in the Satellite and Cable Directive and *sui generis* database rights introduced by the Database Directive.
37. More generally the EU Digital Single Market strategy aims to remove digital trade barriers between EU countries. This includes reforms in several areas of substantial interest to the broadcasting industry and other parts of the creative industries:
- a proposed Regulation on certain online transmissions of broadcasting organisations, which aims to improve cross-border access to broadcasters' service in Europe, and could potentially introduce a country-of-origin copyright clearance rule;
 - Portability Regulation. This measure is important for the sale of distribution rights to content across the EU (allowing consumers to continue to use digital content when traveling within the EU) and the Geoblocking Regulation; and
 - a new Directive on Copyright in the Digital Single Market has been proposed.
38. The main framework creating a single market for broadcasting (including video on demand) and setting out standards on a minimum harmonisation basis is the Audiovisual Media Services Directive (AVMSD).²² The AVMSD is the European

²² [Directive 2010/13/EU](#), EUR-Lex, 10 March 2010

Framework for television and television-like services and replaced a previous directive, the Television Without Frontiers Directive (1989) (TVWF), in 2011. Its primary purpose is to ensure the effective operation of the internal market for television broadcasting services by ensuring the freedom to provide broadcasting services throughout the EU.

39. The central principle that underpins the single market for audiovisual media services is the country of origin principle ('COO') first created under the TVWF Directive. This acts as a system of mutual recognition of establishment and licensing which enables broadcasters to operate across the EU from a licensed establishment in any one EU country. Each national regulatory authority (in the UK this is Ofcom) is responsible for ensuring the compliance of broadcasters with the minimum broadcast standards set out in the AVMSD (for example, as to advertising content or the prohibition on audiovisual media services containing any incitement to hatred based on race, sex, religion or nationality). The AVMSD was implemented in the UK by a series of regulations which primarily amended broadcasting legislation (the Communications Act 2003 and the Broadcasting Acts 1990 and 1996). For further details please see the separate report on the broadcasting sector.

Other EU law

40. The Creative Industries and cultural sector are also affected by a range of other general EU law, including:

- Services Directive;
- Mutual Recognition of Professional Qualifications Directive;
- Artist's Resale Right;
- (Proposed) Directive on Contracts for the supply of digital content;
- Export of Objects of Cultural Interest (Control) Order 2003; and
- Cultural Objects Restitution Regime.

41. Creative services (excluding audiovisual services) are covered by the Services Directive, which prohibits Member States from imposing national requirements or restrictions that are discriminatory or disproportionate. The Directive also sets up national Points of Single Contact which enable service providers to apply and pay for authorisations (to offer or provide services) online. Removing barriers in this way makes it easier and cheaper for companies to trade cross-border within the EEA, and increases competition and productivity in European service markets.
42. The Mutual Recognition of Professional Qualifications Directive (MRPQD) supports the principle of free movement of skilled professionals through the removal of barriers by enabling a professional qualification in a regulated profession granted in one Member State to be recognised in all the others. The Directive covers both the temporary provision of services in another Member State, and also establishment by a professional wishing to practise their profession in another Member State. Creative professions covered by the MRPQD include architects, graphic designers and IT professionals²³. For these professions there are two systems by which a professional can have their qualifications recognised – the automatic and the general system. Under the automatic system, if you are a professional in one of 7 professions (including architects) and possess particular qualifications, then your qualifications are automatically recognised across all Member States (these qualifications are listed in Annex V of the Directive). The general system is for other professionals within scope of the Directive and requires the host Member State to check whether the profession is regulated in the home Member State, and then to apply compensation measures (if necessary) for additional training according to national policy.
43. The Artist's Resale Right (ARR) is derived from an EU directive and was implemented in UK law in 2006. The ARR entitles creators of particular works to royalties where their work is resold through arts markets or auction houses.
44. The (proposed) Directive on Contracts for the supply of digital content is currently being negotiated and covers harmonisation of contracts for the sale of digital content (e.g. music, films, e--books, applications and games), for rental of digital content (e.g. watching a film online, but not downloading), as well as contracts for services, such as cloud computing and social media. For the Directive to apply, the digital content would have to be supplied against some form of counter -performance by the consumer, either monetary (payment of a price) or in the form of data (e.g. the consumer's personal data).
45. For video games on recordable media (i.e. disc, cartridge), the PEGI (Pan European Game Information) (age ratings system is used to age classify and label products marketed across Region 2 (Europe). The PEGI age ratings for games that are unsuitable for children younger than 12 are a statutory requirement for the UK market

²³ European Commission website, [Regulated Professions Database](#)

under the Video Recordings Act 1984. The PEGI system is recognised and supported by most other EU members though only has legal backing in a few.

46. Advertisers and marketers have to comply with the Misleading and Comparative Advertising Directive (2006/114/EC), which sets minimum standards for business to business advertising practice; and the Unfair Commercial Practices Directive (2005/29/EC), which curbs provisions of untruthful information to consumers and aggressive marketing practices.
47. A number of EU Member States impose scheduling restrictions on the broadcast of television programmes and the exhibition of films (the EU has several Most Favoured Nation (MFN) exemptions in relation to audiovisual services which permit such restrictions within the AVMSD framework).
48. In terms of Museums, Galleries and Libraries, there are certain specific UK laws and EU regulations concerning the movements of a wide range of categories of cultural objects. Objects that are more than 50 years old and exceeding a certain monetary value need a licence to be exported out of the UK under the Export of Objects of Cultural Interest (Control) Order 2003. Cultural objects exceeding certain age and monetary values²⁴ being exported to a third country outside the EU require a licence under Council Regulation 116/2009 on the Export of Cultural Goods.
49. Through the EU, the UK is subject to the Cultural Objects Restitution Regime provided for by Directive 2014/60/EU.²⁵ This allows EU member states to circulate details of objects which have been removed unlawfully from their territory, and ask for assistance from fellow members for the return of the objects. The Rental and Lending Directive (Directive 2006/115/EC) is also relevant in relation to public lending in the UK. This Directive provides for exclusive right of authors to authorise or prohibit lending of their work and Article 6 of the Directive allows member states to derogate from this lending right in respect of public lending, provided the author receives remuneration. In the UK the mechanism for remunerating authors for the lending right is the Public Lending Right scheme under the Public Lending Right Act 1979.

Devolved administrations

50. Creative Industries and cultural policy is largely a devolved matter. However, the regulation of broadcasting and advertising is reserved. Tax and international treaties are also reserved to the UK, for example, IP policy, creative content tax reliefs and co-production treaties are carried out at a UK level. Funding for the sector is also

²⁴ [Council Regulation \(EC\) No 116/2009](#), EUR-Lex, 18 December 2008

²⁵ [Directive 2014/60/EU](#), EUR-Lex, 15 May 2014

largely devolved, although there is UK-wide funding for film which is distributed via the British Film Institute (BFI).

Existing frameworks for how trade is facilitated between countries in this sector

51. The arrangements described in this section are examples of existing arrangements between countries. They should not be taken to represent the options being considered by the Government for the future economic relationship between the UK and the EU. The Government has been clear that it is seeking pragmatic and innovative solutions to issues related to the future deep and special partnership that we want with the EU.
52. The basis for international trade in services, including among the Creative Industries, is the WTO's General Agreement on Trade in Services (GATS). GATS provides a framework for trade in services among WTO members setting out the general principles and obligations which members must abide by as well as the commitments each member has made to open and non-discriminatory trade in relation to particular service sectors.
53. Additionally, WTO members have agreed a range of further sector agreements – including rules on IP (the multilateral Agreement on Trade-Related Aspects of Intellectual Property Rights, or 'TRIPS'). A further agreement among 23 WTO members including the EU, the US, Australia and Japan, to liberalise trade in services - the Trade in Services Agreement (TiSA) - is not yet signed. Both are pertinent to the facilitation of trade in the creative sectors.
54. However, there are limited precedents for agreements with the EU on culture due to the 'cultural exception', an exception to WTO rules, first introduced by the EU during 1993 negotiations on the General Agreement on Tariffs and Trade. The cultural exception enables cultural goods and services to be treated differently to other goods and services in trade agreements. It is not uncommon for culture to be excluded from Free Trade Agreements altogether.
55. As far as the EU's international agreements are concerned, the EU-Canada Comprehensive Economic and Trade Agreement (CETA)²⁶ grants exceptions in chapters on investment, subsidies, government procurement, cross border trade in services and domestic regulations with respect to audiovisual services for the EU and to cultural industries for Canada (broadly the publishing, musical and audiovisual

²⁶ [EU-Canada Comprehensive Economic and Trade Agreement \(CETA\)](#)

industries). Elsewhere CETA recognises the Parties' rights to regulate domestically in order to protect and promote cultural diversity. The CETA chapter on IP aligns with the WIPO Copyright Treaty and is important for creative industries based in the EU wishing to provide their services in Canada or vice versa.

56. Moreover, the Deep and Comprehensive Free Trade Agreement between Ukraine and the EU²⁷ includes a chapter on culture, which is intended to promote cultural cooperation and foster cultural exchanges. It also encourages the development of cultural industries in the EU and in Ukraine and aims to implement properly the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions of 2005²⁸. The EU-[South]-Korea agreement²⁹ includes a protocol on on cultural cooperation, which contains provisions to to facilitate co-operation between the Parties in relation to audiovisual works and services³⁰ (this is explained more fully in the broadcasting report) and in relation to the performing arts, publications and cultural heritage sites and historic monuments. The proposed Transatlantic Trade and Investment Partnership agreement³¹ includes a chapter on regulatory cooperation, which touches on cultural diversity and state aid.

57. Switzerland also has a series of bilateral agreements with the EU. One agreement enables it to participate in the MEDIA strand of Creative Europe, an EU funding programme governed by its own EU Decision. Additionally, the UK has a number of Memoranda of Understanding on culture worldwide with countries such as Brazil, China, India and Indonesia.

Sector views

[This information was provided by the Government to the Committee, but the Committee has decided not to publish this section]

²⁷ [Deep and Comprehensive Free Trade Agreement between Ukraine and the EU](#)

²⁸ [UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions of 2005](#)

²⁹ [EU-\[South\]-Korea agreement](#)

³⁰ European Commission Directorate General for Trade, [Protocol on Cultural Cooperation with Korea](#)

³¹ [Transatlantic Trade and Investment Partnership agreement](#)