The Guardian

EU's creative sector 'faces economic devastation from Covid'

Report calls for major investment as arts revenues fall faster than in all other industries except aviation

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Jean-Michel Jarre, who will present the report to the EU commission, said: 'Culture has become a scarce resource in Europe today.' Photograph: Stéphane de Sakutin/AFP/Getty Images

Europe's cultural and creative sector has been hit harder by the coronavirus crisis than every other industry except aviation, according to a study that calls for major public and private investment to avert possibly irreparable long-term damage.

According to the report, revenues in the sector - which includes TV, cinema, radio, music, publishing, video games and the performing and visual arts - plunged by 31.2% last year compared with 2019. It was hit even harder than tourism, which lost 27% of its income.

Only the aviation industry, where revenue fell by 31.4%, has suffered more, say the authors of the report, commissioned by EU authors' and creators' rights organisations and due to be presented to the European commission on Tuesday.

"Culture has become a scarce resource in Europe today and we are the worse for it," said the French electronic music pioneer Jean-Michel Jarre, who will hand over the study. "We are learning the hard way the truly essential value of art in our society."

In 2019, before the pandemic hit, Europe's cultural and creative sector was a fast-expanding powerhouse employing about 7.6 million people, more than twice as many as the telecoms and automotive sectors combined and 700,000 more than in 2013.

Its annual turnover of €643bn (£570bn) had grown by 2.6% a year over the previous six years to represent about 4.4% of the EU's overall GDP, said the report's authors, the accountancy firm EY, generating a surplus for the bloc of more than €8.6bn.

"What we have seen since then, however, are the dramatic consequences of shutting down literally thousands of venues," said the study's coordinator, Marc Lhermitte. "Culture was the first sector to suspend most of its activities, and will probably be the last to resume without restrictions."

Lhermitte said Covid shockwaves had been felt across the sector, with revenues collapsing by 90% in the performing arts and 76% in the music industry. Visual arts, books, the press, films and TV saw declines of between 20% and 40%, while only video games - whose turnover rose 9% - held up.

Even sectors that seemed protected by home consumption suffered sharp falls in income, Lhermitte noted, since physical experiences - such as live performances, exhibitions and screenings - and physical sales were significant drivers of many business models and production and distribution costs had become unmanageable.

An increase in digital consumption was no compensation for loss of revenues generated in physical sales and events, he said: physical sales in the music industry were down 35% but digital revenues rose only 8%, while European cinemas were estimated to have lost about 75% of their earnings.

Royalties collected for authors and performers by rights organisations had fallen by 35% in 2020, the report said, meaning many would inevitably suffer a sharp fall in earnings over the next two years even if business picked up in 2021.

Lhermitte said the early closure in many countries of all cinemas, theatres, music venues and museums, and the cancellation of summer festivals vital for the exposure of young artists and performers in particular, was "an absolute body-blow" that would be felt for years to come.

Without an early resumption of offline production and distribution and live events, investment in new projects risks collapsing altogether, the report said, warning that even if venues did reopen soon, 46% of respondents in one recent poll said they would not feel comfortable going to a concert for several months, and 21% for several years.

Meanwhile, since more than 90% of operators in the cultural and creative sector are independent authors and artists or small or medium-sized independent companies, the shift online had created "a real risk that their unbalanced relationships with global internet platforms" will jeopardise their futures.

The report, which included the UK since Britain was to all intents and purposes still in the EU until 31 December, said it was vital that the EU and its member states provided public funding and encouraged private investment in the creative and cultural industries' recovery "to an extent that reflects its weight and importance".

It must also move fast to establish a "solid legal framework" to rebuild confidence in the sector's financial viability, it recommended. "The critical period we are going through demands truly unprecedented measures," the report concluded.

"Europe's creative sector has never known such economic devastation in the past, and its profound after-effects will be felt throughout the coming decade."

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