

A successful European Business Model

I. The European Cultural and Creative Industry Alliance

The European Cultural and Creative Industries Alliance (ECCIA) is composed of the five major European luxury goods and creative industries organisations: Circulo Fortuny (Spain), Comité Colbert (France), Fondazione Altgamma (Italy) and Walpole British Luxury (UK) and Meisterkreis (Germany).

Based on art, culture and creativity, our work is underpinned by continuous innovation, a relentless focus on quality, highly skilled employment and strong export abroad. Our members strive for the highest quality in all they do, from products and services all the way to the experience offered to consumers.

ECCIA members have established European leadership on global markets. Indeed, European brands account for at least 70% of the global luxury goods market. In addition, out of the 25 leading luxury companies in the world, 17 are from the European Union. Building their success on European culture and heritage in designing and creating products, while adhering to the highest standards in European manufacturing, European high-end cultural and creative industries strongly contribute to growth and jobs in Europe.

European high-end cultural and creative industries have an output of over €440 billion, which represents more than 3% of Europe's GDP. A key driver of growth for Europe, the sector also employs more than 1,5 million people directly and indirectly in Europe. Indeed, while more than 60% of the luxury goods produced in Europe are exported outside the region, the European luxury goods sector continues to design and manufacture in Europe.

The contribution of high-end cultural and creative industries to the European economy is widely recognised by European citizens. As a survey carried out by TNS Sofres demonstrated¹, 76% of European citizens see the sector as a strategic sector for European growth, jobs and competitiveness. In addition, they also perceive the sector as an ambassador of European values such as quality, trust in brands, craftsmanship, excellence, and creativity.

1. TNS Sofres (May 2013). *European Citizens' Perception of the High-End Cultural and Creative Industries.*

Furthermore, the sector continues to outperform the wider European economy, growing at 13% between 2009 and 2010, 11% between 2010 and 2011, and 10% between 2011 and 2012. This strong performance is expected to continue in the medium term with conservative forecasts of growth of 5-6% per year to 2015. The luxury sector is also a strong driver of tourism, with Europe the number one destination for luxury tourism.

Due to the specificity of the high-end cultural and creative sector, the challenges are different from sectors that are traditionally split across product categories. The ECCIA membership shows that the basic thrust of making a beautiful bag is the same as making a beautiful yacht - it is the creativity and innovation that our members use to leverage traditional European strengths.

The European luxury sector is hence a key driver of sustainable growth in Europe and is of particular significance to Europe by contributing to its overall economic health, competitiveness, creativity, innovation, employment and export.

II. Setting the right framework conditions for growth

In order to continue our substantial contribution to the European economy, we believe that a number of crucial issues need urgent attention from European policy makers.

1. The protection of European creativity and innovation

There is a need for European decision-makers to establish a strong framework of intellectual property rights' protection in order to protect European brands and increase legal certainty for European companies.

Such protection should take place both in the physical and in the digital economies and be equivalent, in order to empower European companies to fully exploit the potential of the EU single market.

With regards to the digital economy, which is becoming an increasingly important part of today's commercial activities, ECCIA has developed 4 key principles which would create transparency and legal certainty for consumers and businesses when operating online and would allow the digital environment to grow more sustainably:

1. We respect and value the access to information and freedom of speech in the digital environment.
2. A general Duty of Care must apply to all Online Service Providers (OSPs), in the framework of online and offline commercial activities.

3. The scope of the Duty of Care imposed on a service provider must be assessed on a case-by case basis, as it depends of the nature of the activity performed by the service provider, the predictability of the risk created by this activity, and the reasonable means that can be used by the service provider avoid the damage.
4. The reasonable measures expected from OSPs will depend on the level of cooperation and information provided by rights owners.

2. Support European growth-driving industries - consolidate the specificity of the European high-end cultural and creative industries.

European high-end cultural and creative industries were recognised as key drivers of growth and jobs in the EU by the European Commission on 26 September 2012 through two key documents: first, in the Staff Working Document on the “Competitiveness of the European High-End Industries” presented by EU Commission Vice-President Antonio Tajani in charge of Enterprise and Industry and second, in the Communication on “Promoting cultural and creative industries for growth and jobs in the EU” present by Androulla Vassiliou, Vice-President of the European Commission in charge of Culture and Education.

Following this recognition, ECCIA believes European policy-makers should continue to establish an appropriate regulatory framework to enable our sector to continue and strengthen its contribution to the European economy.

In particular, ECCIA believes that EU policy makers should:

- Recognise the **intrinsic value of Intellectual Property** for society at large;
- Safeguard consumer protection and brand values by recognising **the benefits of selective distribution** in both sales and after-sales markets, online and offline;
- Recognise the **cultural value (aura) of products** in policy making.

3. Support employment - encourage European artisanship and craftsmanship.

To respond to the increasing demand for craft products designed in Europe and to close the gap between education and skills needed in employment, it is essential to encourage European artisanship and craftsmanship. The European Commission should hence support the preservation of cultural and creative professions in Europe by:

- Putting in place the right initiatives to support these aims, including apprenticeship and training programmes for artisans and craftspeople;
- Further supporting the coordination among Design and Fashion Universities;
- Encouraging partnerships between public institutions and private business for the development of curricula reflecting the needs of the job market.

4. Foster the creation of suitable trade platforms

When our members export goods outside of the EU, they do not only export high-quality goods, they also share part of Europe's cultural heritage with the rest of the world. Indeed, as a recent survey conducted by TNS Sofres demonstrated, EU citizens perceive high-end cultural and creative industries as an ambassador of European values such as quality, craftsmanship, excellence, and creativity. Moreover, 71% of them see high-end industries as important for the cultural influence of Europe on the world stage².

The modus operandi of luxury companies, based on production in Europe and strong exports outside the EU, therefore contributes to spreading core European values worldwide. However, our work is jeopardised by protective practices of third countries that seek to control trade flows in mass market goods. These impediments include not only high and discriminatory tariffs, layered taxation, and local duties, but also a number of technical trade barriers, such as complicated import license procedures and product registration rules.

To address this, we believe the European Commission should:

- Take into account the specificity of the luxury sector in trade negotiations - the excellence that is unique to the values shared by our members does not generally face local competition in our export markets;
- Strive for trade liberalisation with Free Trade Agreements and enhance visa facilitation to boost third country tourism in Europe.