Impact of the Creative Industries in Scotland

The Creative Industries contribute £3.7 billion to the Scottish economy each year\(^1\) supporting 117,000 jobs\(^2\).

The British Council “As Others See Us” report shows that Britain was ranked 2\(^{nd}\) overall for “attractiveness” among the top 15 global economies. The top characteristics making Britain attractive were, cultural and historic attractions, cities and arts. In 2015 Scotland attracted over 14.6 million visitors. Spending by tourists in Scotland generates around £12 billion of economic activity in the wider Scottish supply chain and contributes around £6 billion to Scottish GDP (in basic prices). This represents about 5% of total Scottish GDP\(^3\).

The Creative Industries employ more people than the oil and gas industry\(^4\).

**Essential Principles on Financial Settlement**

**Freedom of Movement**

Freedom of movement is vital to creative practitioners and producers in Scotland. Our performing artists regularly work in the EU and need to retain free access to this market. Due to the increase in creators’ digital works being illegally downloaded, performing artists, including authors promoting books, need to secure the ability to earn income from live appearances. Working in the EU is not ‘additional income’, it secures performing artists’ basic pay. Any increase in touring costs such as higher taxes, withheld taxes or visa costs could make touring in Europe impossible for many performers, impacting on the ability to earn an income.

*Example: Touring in the USA*

The majority of performing artists based in the UK cannot financially withstand the length of time it takes to receive tax withheld at source - in the USA, 30% of tour income is withheld for up to 2 years – or to pay high upfront visa costs of at least £700. The USA has become a market that most UK based performing artists are unfortunately forced to avoid for these reasons.

*Touring in a post-Brexit Europe* could include the costs and administrative burden of country to country customs equipment carnets checks. (An equipment carnets is a list of items on tour with the touring company and may include for example; stage props, audio systems, visual systems and cables etc.) An equipment carnets has to include

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\(^2\) DCMS Focus on Employment 2016.

\(^3\) www.gov.scot/Topics/Business-Industry/Tourism

\(^4\) Creative Industries Blueprint 2015
every single item, if items are missed off the list from one country to the next the touring group could be refused entry to the country, which could lead to shows being cancelled.

Scottish promoters produce festivals and events which attract performers and tourists from around the world. These diverse programmes rely as performers do on the ability to work across the EU with ease and without costly visa systems and tax implications which may put performers and tourists off visiting the UK. For example, Edinburgh Festivals collectively feature over 25,000 performers each year from over seventy countries.

The Edinburgh Festival Fringe Society, Edinburgh International Festival, Edinburgh Jazz and Blues Festival and Royal Military tattoo have permit-free status for visiting performers which avoids those festivals having to issue a certificate of sponsorship for each individual to obtain a work-permit; the wider use of this model should be explored.

The British Council “As Others See Us” report shows that Britain was ranked 2nd overall for “attractiveness” among the top 15 global economies. The top characteristics making Britain attractive were, Cultural and historic attractions, Cities and Arts. These apply equally if not more to Scotland. If artists cannot easily travel to perform and visitors cannot easily travel to attend events, our international attractiveness as a world-leading cultural an artistic destination will be diminished.

**The Digital Single Market:**

Creative Practitioners in Scotland who create copyrights including artists, writers, actors, musicians, film makers, game makers, software developers and designers, rely on income from the exploitation of copyrights. The role of copyright in creative works is to provide income and a rights and territory based legal framework which provides protection against the exploitation of works without consent of the copyright holder.

It is important that copyright holders (including where the copyright is licensed to a 3rd party for exploitation) retain the right to exploit rights on a territory by territory basis. The proposed EU Modernisation of EU Copyright rules include exceptions for text and data mining, teaching activities and preservation of cultural heritage. There are upsides and downsides to all the exemption areas depending on which creative area is considered. Any move towards removing the consent of the rights holder is problematic not only for moral rights but for the ability to earn an income from the exploitation of rights. Culture Counts seeks to secure income from copyrights.

On 14th June 2017, the EU adopted Cross Border Portability as part of the Digital Single Market proposals. Cross border portability to online content allows consumers to access online content while travelling throughout the EU. The online services can be video-on-demand platforms (such as Netflix, HBO Go, Amazon Prime, Mubi, Chili TV), online TV services (such as Viasat's Viaplay, Sky's Now TV, Voyo), music streaming services (such as Spotify, Deezer, Google Music) or game online marketplaces (such as Steam, Origin).
It is currently unclear if UK Law on Cross Border Portability will stay the same after exit from the EU; which could create uncertainty for those involved in managing the exploitation of digital content. Culture Counts seeks clarity on the UK’s plans for cross border portability of digital content after exit from the EU. Again, Culture Counts seeks to secure income from copyrights.

Culture Counts seeks clarity on whether UK designs, patents and trademarks which are currently protected by the EU will continue to receive that protection after the UK exit the EU. There is a potential legal vacuum from current uncertainty around whether to apply for a UK trademark or for an EU trademark and whether there will be a reciprocal agreement to protect designs, patents and trademarks.

**Potential Increased Costs to the Sector**

The loan of cultural artefacts between museums and galleries in EU countries are currently exempt from customs duty via membership of the National Import Reliefs Unit. The loss of this status threatens our ability both to share our culture and to offer international exhibitions. Culture Counts seeks assurance that the loans of cultural artefacts are not threatened by withdrawal from the EU. We recommend that the UK should retain membership of the National Import Reliefs Unit as a non EU member state.

In Museums and Galleries, VAT is not payable on exhibition goods, though 5% is paid on acquisitions for non-EU works of art. If VAT became due on all non-UK acquisitions costs would increase dramatically. Culture Counts believes that VAT exclusion on EU acquisitions should remain in place.

Culture Counts believes the UK should remain or become a new signatory as a non-member state to the European Convention on Cinematographic Co-production, as this convention enables UK film producers to benefit from tax incentives and state protections.

**Funding**

The total level of EU funding for the culture and heritage sector in Scotland is estimated to be over £59m, covering around 650 projects funded since 2007.

The British Council consultation paper ‘Our Shared European Future’ (attached, appendix 1) highlights the collective view from the culture sector that the UK government should make financial contributions to ensure the continuation of and access to European funding programmes such as Horizon 2020 and Creative Europe.

Scotland’s universities ‘ability to attract the best academic talent is under threat, with key figures turning down important posts due to the uncertainty around whether the UK will remain part of the European Research Area. Scotland may also lose a talent pool of new graduates who may not be given visas to work here after they graduate. This uncertainty must be clarified as soon as possible.

Universities provide productive connections between further and higher education and cultural infrastructures through initiatives such as the University of Edinburgh’s
Knowledge Exchange week for cultural heritage professionals. Crucially, universities and further education colleges also directly support and fund cultural venues and facilities such as the Byre Theatre in St Andrew’s or the Talbot Rice Gallery in Edinburgh. Culture Counts wants to see the UK remain part of Horizon 2020, Erasmus and the European Research Area as a non-EU member state. Universities and Brexit.

Essential Principles on Citizen’s Rights

British Council consultation paper ‘Our Shared European Future’ (attached, appendix 1) highlights the collective view from the culture sector that the UK and EU should seek to continue the current systems to maintain standards of the recognition of professional qualifications.

Current EU law protects human rights, including the right to take part in cultural life, any post-Brexit agreements must ensure no regression of existing human rights protections.

Cultural workers rely on extensive health and safety at work legislation from the EU including the working time regulations and holiday pay for all workers (creative freelancers).

The UK and Scottish Governments most pressingly should affirm to EU nationals currently living here, that they will be able to remain without further complication, ensuring Scotland retains a skilled workforce with advanced language skills.

Annex

Our Shared European Future

For the attention of: EU-UK Brexit negotiators; All 28 EU Member State governments; European Commission; European Parliament; and UK Parliament.

This Communiqué conveys the general views of Europe’s education, culture, science and research sectors, in relation to the UK’s departure from the European Union. The recommendations that follow were formulated through extensive consultations throughout the region, and have been formally endorsed by over 400 cultural, educational and scientific organisations and representatives across Europe (see Appendix 1).

Recommendations to EU and UK leaders

1. Residency rights: EU and UK leaders are urged to guarantee post-Brexit residency for EU nationals currently operating in the UK, and British nationals working in other EU countries.

2. Ease of movement: The education, culture and science sectors are by nature international and mobile. Their success, and the success of many other sectors, depends significantly on the ease of movement of its people and assets. The economies of European countries and society as a whole currently benefit extensively from the sectors’ flow of ideas, creativity and talent. For example, the
UK’s higher education sector relies heavily on 31,000 non-British EU workers who currently contribute to its success. We therefore advise EU and UK leaders to:

a. Negotiate a post-Brexit agreement for the education, culture, science and research sectors that does not inhibit their vital ease of movement, but rather, seeks to enhance and facilitate it.

b. If absolutely necessary, introduce measures, such as ‘cultural and educational permits’, that enable people and assets operating in the education, culture, science and research sectors to continue moving with ease between the UK and other EU countries. These measures should be low-cost, rapid-to-process and applied for adequate periods, to encourage continued collaboration and partnership.

3. **Continued and enhanced participation in multilateral programmes**: The monetary and non-monetary benefits to European societies and economies emanating from EU-funded programmes, such as Erasmus+, Horizon 2020, Marie Sklodowska-Curie Actions and Creative Europe, are major. We urge EU and UK leaders to ensure UK institutions and individuals remain eligible to access these and future multilateral framework programmes. We equally recommend that the UK government makes appropriate financial contributions to ensure their continued effectiveness and impact.

4. **Young Europeans and future generations**: We call on UK and other European leaders to give serious consideration to empowering and engaging young people as effective agents of positive change. If Europe is to prosper, young people must be able to play a meaningful part in shaping what will be their futures. We therefore urge EU and UK leaders to proactively engage youth in Brexit policy-making. Furthermore, we urge European leaders to ensure every young person in the UK and other European countries gains inter-cultural and international experience, either through study, work, performances, research, academia, training, language learning or other programmes or exchanges. Such experiences are proven to develop skills, create opportunities, broaden horizons, and build much-needed trust and understanding between nations.

5. **Intellectual property, qualifications and regulatory framework**: EU and UK leaders should continue to cooperate over UK-EU intellectual property issues and regulation, which is particularly important in enabling cultural, scientific and educational bodies both in the UK and in EU countries to capitalise on creativity, ideas and talent. We also urge EU and UK leaders to maintain standards of recognition of professional qualifications between the UK and the remaining 27 EU member states in the fields of education, culture, science and research.

6. **Informed decision-making**: We urge EU and UK leaders to work with representatives from the education, culture and science sectors in the UK and in EU Europe throughout Brexit negotiations in order to shape future pan-European cooperation, which will benefit us all.
Background

Since January 2017, the EU-UK Culture and Education Series has convened over 500 leaders from the education, culture, science and research sectors across 32 European countries. Through face-to-face meetings (in Berlin, Madrid and London) and through online webinars, representatives have addressed the specific implications of Brexit on their sectors.

Throughout the Series, our institutions – including museums, theatres, student bodies, universities, schools, language learning and assessment centres, and academic networks – have re-affirmed the importance of collaboration and have identified joint recommendations to enhance pan-European cooperation post-Brexit. The Communiqué has been published online and continues to receive support.

A shared vision

Our vision is for continued European collaboration, helping the continent to lead the world in the fields of education, culture, science, research and innovation.

We envisage a European open zone for intellectual and creative endeavour where educational, cultural and scientific institutions are key economic players, supporting cities, encouraging social mobility, stimulating healthy issue-based debates, benefiting communities, solving global challenges, improving intercultural awareness, fostering creativity, enhancing social cohesion and transforming lives.

Students, artists, academics, scientists, teachers, researchers and young people travel, operate, collaborate and innovate easily across borders, supported through funding and resources, opportunities and international exchanges. Society as a whole prospers across Europe as a direct result of this growth in talent, expertise and shared values. Young citizens are empowered, skilled and become capable leaders of our shared future.

A shared challenge

There is a risk that Brexit could fracture this vision. The introduction of barriers on these sectors working together could disadvantage the UK and other EU countries, bringing about 'lose-lose' scenarios. It is therefore critical that the forthcoming EU-UK negotiations work to avoid the real and complex risks to the cultural, educational, scientific and research sectors, in the UK and in all other European countries. Deliberations between EU and UK leaders should amplify the positive impact that shared programmes in these fields bring to communities in all countries, particularly to young people.

For centuries, British scholars, scientists, artists have worked and shared ideas with their European counterparts, producing an untold number of scientific breakthroughs, academic achievements and great works of art, enriching us culturally and economically. This exchange of ideas and creativity has survived wars and revolutions. We must ensure it survives Brexit, and indeed future challenges in a changing Europe.
Consensus

The Series has demonstrated widespread consensus among European institutions that cooperation in the fields of education, culture, science, research and innovation must be prioritised during negotiations. It is to our mutual advantage that existing partnership, funding and regulatory arrangements be sustained and, where possible, intensified. Enhanced collaboration in these sectors will enable European economies to remain prosperous in an increasingly competitive global environment. EU and UK leaders should take note of such a clear and strong sector consensus across Europe, which is rarely seen in the context of Brexit.

Sector accord and action is important. However, it is imperative that EU-UK negotiators build on such consensus by supporting this common voice and helping to realise the mutually beneficial vision we hold. We urge EU and UK leaders to heed the recommendations outlined above, put forward after much dialogue by organisations from all corners of Europe. It is vital that Brexit does not mean a reduction in educational, cultural and scientific cooperation between the UK and other European countries. Rather, we should make it an opportunity to review, re-design and strengthen such links.

As citizens of European countries, these issues affect us all. But as citizens working in arts, science, education, the creative industries and research we have a particular responsibility to sustain and enhance the benefits that the open and free exchange of people and ideas has brought to our continent and to the world.