Mapping the Position of Cultural Industries in Southeastern Europe[*]

Jaka Primorac
Research Fellow
Institute for International Relations, Zagreb

The attempt of this paper is to give an outline of the situation of cultural industries in the countries of Southeastern Europe (SEE). The region of SEE in this work covers the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Slovenia, Serbia and Montenegro, and Macedonia. The situation in the SEE region in the last fifteen years has been one of turbulent events in a transition period and the overall insecurity that accompanies them. The shifting of borders and changing of regimes resulted in the constant task of redefinition and reassessment of the situation in the area as well as of the situation in the countries themselves. These above-mentioned countries are still going through a system change (from the former communist/socialist systems to the market economy system), and, with the exception of Slovenia, which has already joined, are all hoping to enter the EU in a few years. All these changes are intertwined with the problems of globalization as well.

When discussing the issue of cultural transitions in SEE, one of the areas largely affected by the changes that occur during this process is the area of cultural industries. This field has been rather neglected in the past, but the research in this area is highly important for the countries in transition because it can help them prepare for the rapid changes already under way in the age of globalization. In some countries the cultural industries (and their broader counterpart "creative industries") are already *big* business, according to the World Bank in 2003 "[C]reative industries are estimated to account for more than seven percent of the world's gross domestic product (GDP) and are forecast to grow on average by ten percent yearly (PriceWaterhouseCoopers, 2003)" (UNCTAD, 2004: 3). Already these industries represent a leading sector in the OECD economies, showing annual growth rates of 5% to 20% (EESC, 2003)'. In SEE one can notice the arrival of foreign cultural industries as *big* business - one of

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the examples being the foreign, largely American film distribution. In this way local cultural industries are struggling to find their place in the local market. Although cultural industries have a long history in this region, one has to note that in the past in SEE countries culture was perceived as something coming from "above": "culture was not just a matter of the state, it was owned by it" (Compendium - Romania, 2003: 1). Therefore what we now call cultural industries was mostly regulated by the state, that is, a single-party system, which is why this shift to independence of this sector is still proving to be rather difficult.

## 1. Defining cultural industries

Although the emergence of the term cultural industries comes from the critique of mass cultural production in the work of Adorno and Horkheimer, one has to add that its subsequent development, based on the cultural studies' premise that culture is ordinary[1] shifts the stress to the importance of the need for analysis of popular culture both from a negative as well as affirmative stance. We have to add that in analyzing cultural industries one has to highlight the fact that cultural products are not like other products; cultural industries production at one level tackles not only the question of values and of meaning but also of economic benefit at another level. The cultural industries can make an impact on a community in two ways - through their content, and through their economic capabilities. As David Hesmondhalgh points out, the culture industries are actually symbol creators and presenters of certain values; their influence on the public is highly important, as cultural industries are agents of economic, social and cultural change (Hesmondhalgh, 2004: 6). In this work the background of cultural studies shall be used mainly because of its positive outlook that it is everyday culture that should be at the center of research.

As has already been noted, the introduction of the term "culture industry" to cultural research started back in the 1940s in the work of Adorno and Horkheimer as a critique of "mass culture" and the standardization of all means of production, but above all the standardization of cultural production (Adorno and Horkeimer, [1993] 1944). The later utilization of the term "cultural industry" in cultural studies and cultural policy research shifts the stress in the direction of a more instrumental application of the term. The establishment of the use of the

1 Raymond Williams is considered to be one of the fathers of cultural studies. His notion of "culture as a way of life" and "culture as ordinary" was first stated in his 1958 essay "Moving from High Culture to Ordinary Culture" that was originally published in *Convictions* (1958), edited by N. McKenzie.

expression "cultural industries" in the plural took place during the Thatcherite period in England when the economic potential of arts and culture was recognized in John Myerscough's report "The Economic Importance of the Arts in Britain" (Stanbridge 2002: 11). However, the key development of the term in the plural actually comes from the work of French authors led by Bernard Miége (1987) who wrote key works on cultural industries for UNESCO. Furthermore, we have to note that the term took the plural form (cultural industries) so as to signify the abundance of cultural production that occurred in the second part of the last century and to distinguish it from association with the negative critique of the term that Adorno and Horkheimer outlined in their work (Hesmondhalgh, 2004).

Taking all this into account, I am inclined to employ the definition by David J. Hesmondhalgh in which he states that "[t]he cultural industries have usually been thought of as those institutions (mainly profit-making companies, but also state organizations and non-profit organizations) which are most directly involved in the production of social meaning (…) they include: television, radio, the cinema, newspaper, magazine and book publishing, the music recording and publishing industries, advertising and the performing arts" (Hesmondhalgh 2004: 11). In some research the field has been known under the term creative industries. This term is sometimes used interchangeably, but it actually covers the broader sector of all products of creativity (including software production etc.). "The concept (of creative industries) emerged in Australia in the early 1990s but was given much wider exposure by policy makers in the United Kingdom in the late 1990s, when the Department for Culture, Media and Sport (DCMS) set up its Creative Industries Unit and Task Force. In the process, the DCMS moved the understanding of the concept of creativity a long way from its common association with activities having a strong artistic component, to any activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible" (UNCTAD, 2004: 4).

Following Hesmondhalgh but slightly altering the scope of the term so as to correspond to the local situation, the culture industries researched in this case shall be movies, books, the recording industry and the media sector of the countries of SEE. As I have stressed before, creative industries is a broader term than cultural industries, as it includes ways of creativity developed mostly by new technologies. Due to the current low impact of new technologies in SEE (which is nevertheless increasing every day as shall be stressed later) this model of "creative industries" in my opinion cannot be used in the region for the time being.

It should be stressed that research in this area is rather difficult due to the fact that there have been rather limited investigations on the subject. On the whole, the main objective of this paper is to present the trajectories of the tendencies that have been taking place in the SEE area in the field of cultural industries. The aim is to portray the facts and tendencies so as to inspire change and further analysis in the area of cultural industries, preparing the ground for the next step to be taken in the future, for example content analysis of the cultural industries.

## 2. The position of cultural industries in Southeastern Europe – data analysis of movies, books, recording industry and media

When debating the issue of cultural industries in SEE one has to stress that the new technologies are rapidly penetrating the region every day. To be able to participate in the production and consumption of cultural industries one has to have access to these new technologies. In order to give an illustration of the rapid changes in the development of this field Table 1 presents the data on Internet usage, and its penetration in the countries of SEE. What is also important to note is the included percentage of the increase in Internet usage. Table 1 gives an illustration of the rapid changes happening in the "internetization" of this region. Although access is still rather limited when taking account the current penetration of usage (for example in Albania, Bosnia and Herzegovina and Macedonia it is less than 5%), nevertheless, if the stated increase in usage stays the same as in the presented area in the period of 2000-04, one can expect serious changes. As a positive example we can take Slovenia who in the "top 25" list of world penetration of the Internet, takes 22nd place with its 23.2% penetration of usage. As a comparison one has to stress that for Europe the average is 29.9% with user growth of 115.7% in the period of 2000-04. These developments of tools for creativity (and some of them are new technologies) that are increasing in this area, as well as access to them, can be serious indicators as to future changes in the cultural industries sector. But, as the data in the Table 1 shows, the state of 'internetization' is still critical in the region, with serious differences among countries.

| | Country | Population (2004 est.9 | Internet users latest data | Penetration of usage (%) | Increase in Internet usage (%) (2000-04) |
|---|---|---|---|---|---|
| 1 | Albania | 3,074,600 | 120,000 | 1.0 | 1,100.0 |
| 2 | Bosnia and Herzegovina | 4,359,800 | 100,000 | 2.3 | 1,328.6 |
| 3 | Bulgaria | 7,888,600 | 630,000 | 8.0 | 46.5 |
| 4 | Croatia | 4,376,800 | 1,014,000 | 23.2 | 407.0 |
| 5 | Macedonia | 2,133,100 | 100,000 | 4.7 | 233.3 |
| 6 | Romania | 21,480,200 | 1,800,000 | 8.4 | 125.0 |
| 7 | Serbia and Montenegro | 10,519,400 | 640,000 | 6.1 | 60.0 |
| 8 | Slovenia | 1,954,500 | 750,000 | 38.4 | 150.0 |

**Table 1 - Internet usage in SEE countries, table based on data presented at: www.internetworldstat.com**

(1) The European Internet Statistics were updated on June 14, 2004.

(2) The demographic (population) numbers are based on data contained in gazetteer.de.

(3) The usage numbers come from various sources, mainly from data published by Nielsen//NetRatings, ITU, and local NICs.

As already noted, the cultural industries analyzed in this paper are the movie, book, recording and media industries (by the latter I mean broadcasting and newspaper publishing). One has to add that when entering the analysis one encounters a series of obstacles. As previously mentioned, one of the first obstacles is the lack of data on any of the cultural industries in question. The existing data is usually not structured, while the existing structured data differs from country to country in its structure, which makes comparison quite difficult. However, using the research that has been conducted on a larger scale, for example "World Culture Report - Cultural Diversity, Conflict and Pluralism" as well as "Cinema and Audiovisual Media: A Survey on National Cinematography", both conducted in 2000 by UNESCO, the Open Society Institute analysis of the book industry in this region, as well as databases dealing with data on audiovisual production - LUMIERE and KORDA (projects of the European Audiovisual Observatory), one can come to some valuable conclusions for this analysis while abstracting the data concerning the SEE[2] region. In addition other sources of data have been used such as the National Statistics Offices of the countries in question, as well as the Internet World Statistics data.

2 We have to take into account the fact that some of the surveys are already outdated in the way that the name of Yugoslavia is taken as representing the Federal Republic of Yugoslavia, which now exists as Serbia and Montenegro due to the recent political changes.

| | Country | GNI p.c. (2002) (US$)[3] | Population est. (2004) | Books – number of titles per year[4] | | Films – number of produced films[5] | | Radio transmission (hours)[6] | | TV transmission (hours) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1996 | 2002* | 1996 | 2002* | 1996 | 2003* | 1996 | 2003* |
| 1 | Albania | 1,380 | 3,074,600 | N/A | N/A | N/A | N/A | N/A | 13,870 (2002) | N/A | 11,315 (2002) |
| 2 | Bosnia and Herzegovina | 1,270 | 4,359,800 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 3 | Bulgaria | 1,790 | 7,888,600 | 4,840 | 6,018 (2002) | 7 (1997) | 6 (2002) | 314,773 (1997) | 525,511 (2003) | 261,816 (1997) | 498,091 (2003) |
| 4 | Croatia | 4,640 | 4,376,800 | 3,879 | 4,298 (2002) | 7 | 16 (2003) | 480,514 | 870,795 (2003) | 30,701 | 75,657 (2003) |
| 5 | Macedonia | 1,700 | 2,133,100 | N/A | - | 2 (1997) | 2 (2002) | N/A | 622,382 (2003) | N/A | 338,166 (2003) |
| 6 | Romania | 1,850 | 21,480,200 | 7,199 | 10,159 (2000) | 11 | 6 (2000) | 80,065 | 96,033 (2000) | 13,095 | 15,296 (2000) |
| 7 | Serbia and Montenegro | 1,400 | 10,519,400 | 5,381 | 4,643 (2001) | 4 | 16 (2001) | 544,000 | 1,004,000 (2001) | 77,615 | 291,324 (2001) |
| 8 | Slovenia | 9,810 | 1,954,500 | 3,441 | 3,917 (2000) | 4 | 9 (2000) | 319,530 | 471,167 (2000) | 64,420 | 89,111 (2000) |

**Table 2 - Cultural industries production in countries of SEE (1996-2003)**

**a) Movie industry**

When discussing cultural industries one of the first associations with this term, and the most popular one, is the movie industry. In the region of SEE there are many structural problems connected to this area of production and its research, but the first and the most evident manifestation of these problems is the lack of new models of funding. The difficulties with new financial models are not the only manifestations of structural problems in the film industry, but they are one of the reasons that the actual production of movies in this geographical area is rather small. According to UNESCO "Cinema and Audiovisual Media: A Survey on National Cinematography" (2000) (hereafter UNESCO Survey), all the countries in the SEE region belong to the group of "small-producing countries" that create between one and nineteen movies per year. That group contains 72 countries of the world that are UNESCO members. This group of "small-producing countries" is rather diverse, including countries as different as the Netherlands, Namibia, Norway, Belgium, Australia and Cameroon. As can be seen from the Table 2 that is based on more current data on the film production in SEE countries, the available data tells us that the production of feature films did

3 The European Internet Statistics were updated on June 14, 2004.
4 Data is collected from the National Statistical Offices/Institutes of countries in question. The list of offices and their websites is given in the bibliography. The comparability of data is nevertheless debatable, as the methods of obtaining the data are not always clearly stated.
5 Data is collected from National Statistical Offices/Institutes. For Bulgaria and Macedonia the data is taken from the European Audiovisual Observatory Yearbook 2003 – Volume 3, Table 10.1.
6 Data for radio and TV transmissions is collected from National Statistical Offices/Institutes.
* Unless otherwise stated. I have to add that I have tried to obtain the latest data wherever possible, instead of using the matching but older data.

not exceed sixteen films per year. In order to put this data in the context of the world film industry, one must note that the country with the largest number of movies produced is India with 839 movies per year on average; the USA produces 385, the UK 78 movies, while Norway makes twelve movies a year and Belgium seven (UNESCO Survey, 2000). As I have stated before, the numbers reflect the number of feature films, while the number of documentaries, short movies and animated movies was not taken into account. The situation at this level of movie production is different as the cost of making these types of movies is smaller.

The summary of the overall situation in this cluster of countries, however different these countries may be, presents a gloomier picture of the financial constraints and structural problems that were already noted earlier. The central issue underlining these problems is the fear that "[u]nfair international trade practices might also diminish domestic production" (UNESCO Survey, 2000), although there is hope that the new digital technologies will create less expensive production opportunities in these countries. One has to note that in this cluster of 72 countries with small production a certain dichotomy appears, as the cluster is constructed of "[t]he poor and highly populated nations, and on the other, the richest countries with a small number of inhabitants. Most often, they never had a structured cinematography sector at all" (UNESCO Survey, 2000). The SEE countries fall in between these two clusters but they are suffering from the above noted problem of financial constraints (as film production is mostly state-subsidized) and therefore of rather small, unstructured production.

Not only is the financial position of movie production seen as a problem but the outdated equipment and the difficulties with distribution of the movies (in and out of the country) present a rather complex problem as well. There was a tendency to close down a large number of cinemas in the area of SEE at the beginning of the 1990s and the disappearance of different "Cultural Centers" where movies were usually shown in smaller towns. All this had a strong impact on the movie industry. For example, the number of cinemas in Albania dropped from the 1991 total of 65 cinemas to 25 in the year 2000 (Compendium - Albania, 2002). Another example is the drastic fall in numbers of cinemas in Croatia during the last ten years - from 273 in 1990 to 143 in 2003.[7] This can be attributed mainly to closing down cinemas in smaller cities (the already mentioned disappearance of state-owned "Cultural Centers") as well as the

7 The data for cinemas were collected from National Statistical Offices/Institutes unless otherwise stated. For Albania and Bosnia and Herzegovina the data was not available.

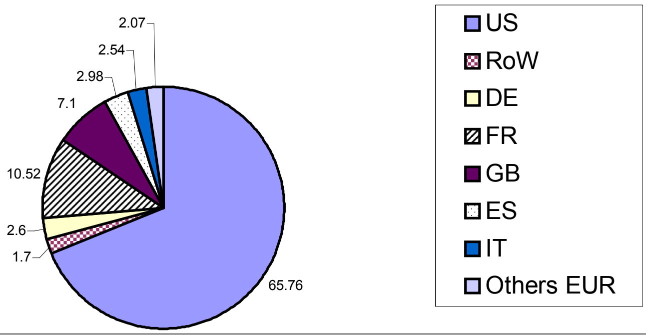
closing down of unprofitable cinemas due to the privatization of cinematography distribution. The same reasons can be attributed to the reduction in the number of cinemas in other SEE countries: in Romania in 1990 there were 4,637 cinemas out of which 595 were cinemas and film installations for normal films, 3,959 cinemas and film installations for narrow stripfilms and 83 were mobile cinemas. In the year 2000 this number dropped to 279 cinemas in Romania out of which there were 270 cinemas and film installations for normal films, 2 cinemas and film installations for narrow strip films (a drop of 3,957 cinemas and film installations!) and 7 mobile cinemas. Slovenia also experienced the drop in cinema numbers - in 1990 there were 140 cinemas, and in 2003 there were 78. In Serbia and Montenegro there occurred a similar situation - in the year 1990 there were 398 cinemas while in 2001 the number dropped to 167 cinemas. For Macedonia the situation was similarly drastic: according to the European Audiovisual Observatory (EAO) in 1996 there were 40 cinemas, and in 2003 the initial number was almost halved, a drop to 23. In Bulgaria in the period between 1992 and 1995 the number of cinemas fell from 300 to 153 (European Commission, 1996: 45), and in 1996 it dropped even further to 146, while in 2003 numbers increased slightly to 149 (National Statistical Office of Bulgaria, 2004).

The newly established SEE distributors of foreign (mostly American) movies saw an opportunity to gain profit from imported blockbusters. They channeled their financial interest through multiplex cinemas, and in this way they have been neglecting national cinematography. Some provisions in cultural policies have thus been created in order to present consecutive obligatory showing of domestic productions, for example for five days in the cinemas (Compendium - Albania, 2002). Moreover, the fears are not unfounded when we look at the data on the distribution and admissions of SEE movies in the EU countries. Bearing in mind the overall production of movies per year in the area (i.e. up to eleven on average (UNESCO, 2000)), the data from the LUMIERE database at the Audiovisual Observatory for movies in the SEE area presents us with a rather disappointing picture.[8] On the basis of this data, for the period since the year 1996 the EU audience, through officially registered channels, has viewed two Macedonian movies, one Croatian, one Bosnian, five Albanian, nine Serbian, ten Bulgarian and twenty Romanian movies. Other admissions vary accordingly, but usually and unfortunately are in thousands rather than tens of thousands

8 One has to note that the work on this database is still in progress, so there might be some data missing. "The coverage rate for a particular country in a particular year is calculated by comparing ticket sales recorded in the LUMIERE database with total admissions published by national sources and collated by the observatory (see "Admissions" table in the *Observatory's Statistical Yearbook*. (For more info: http://lumiere.obs.coe.int).

(LUMIERE, 2003). As an illustration of this impact of admissions of SEE films to the European film scene Table 3 presents the breakdown of admissions in the European Union market to the origin of films in 2002. As can be seen, the largest percentage is taken up by American made movies - 65.76% (of which, as the EAO stresses, 4.73% goes to *Harry Potter 2*), while the section taken by other films (of which the SEE movies are part), is only 2.07%.[9]

***Table 3*** **Breakdown of admissions in the European Union market according to the origin of films, 2002 ( in %)**




Therefore, the chief structural problems surrounding the movie industry as part of the cultural industries in Southeastern Europe manifest themselves mainly as the problem of funding. Funding is primarily state subsidized, but other models are still in the making - a large number of movies are now made as co-productions, which is seen as one solution to the problem. In connection to this, one has to stress the problem of outdated equipment and difficulties in obtaining new items. In addition, with the disappearance of state cinematography chains and "Cultural Centers" there was a drastic cutback in the number of cinemas, and this accounted for the lack of respectable distribution channels for film production (either domestic or foreign) within the countries, as well as abroad. The SEE films are rarely seen out of their home countries, and their presence is rather marginal in the European film market.

**b) Book industry**

If one takes the book industry circumstances into consideration, one has to note that they are as multifaceted as the ones surrounding the movie industry. A tradition of a serious reading culture and cultural identification through books is stressed in several countries' policies (Romania, Bulgaria, Croatia, Albania (Compendium, 2002)) but the complexity of the historical situation has taken its toll in every country. Bearing in mind that the book industry

9 One has to add that of EU countries surveyed by this analysis only two SEE countries were taken into account (Romania and Bulgaria).

was mainly state subsidized it now found itself in the situation of an open market and competition that created new problems.

One of the problems for the progress of the book industry in most of the SEE countries is the tax system connected to the book industry. Although in some countries the books are exempt from VAT, for example in Romania and Bosnia and Herzegovina, the others still impose certain taxes on books and Albania has still not signed the Florence Accord and has a 20% tax on books (Compendium - Albania, 2002). However, the cultural policy solutions for the improvement of the book situation at state level will probably take a U-turn when states of SEE enter the EU. This, for example, happened to Slovenia who had to increase the VAT on books to the EU level as part of the integration process (Compendium – Slovenia, 2003).

Additionally, the problems continue due to the fact that other parts of book production are taxed so that at the end of the production process the price of books is still too high for the average buyer (monthly salary in Albania is 100$ and the average price of a book is 6$). In Bulgaria and Romania and Bosnia and Herzegovina the situation is similar: 100$ monthly salary and 3.5$, 1.6$ and 5$ average book price respectively (Publishing Surveys, 1999)). In addition, some of the countries are struggling with the low quality of the domestic production of paper for books (Romania, Bulgaria) so that the printing has to be done abroad, which also increases the price of books due to the fact that the customs tax has also to be included in the final price of the book. Furthermore, the problems of the book industry are partly the result of the fact that some publishers are not paying their taxes and are therefore creating unlawful competition (for the Albanian example, see the Council of Europe's "Albania Cultural Policy Review - Albania, National Report" (2000)). They are also not depositing copies of books for the archives. Moreover, one has to note that the number of publishers can create a distorted image of the publishing situation in these countries as some of these so-called book publishers only put out one or two books on the market at the beginning of their existence and have since then actually ceased to exist as publishers, dealing with different forms of commerce instead (examples of this were found in Croatia, Albania, and Bulgaria). Furthermore, as the data in the Publishing Survey (1999) suggests, there are a lot of really small publishers. For example, in Macedonia there are 630 registered publishers out of which only 20 have published more that ten titles (Publishing Survey, 1999), and in Bulgaria there are 1800 registered publishers and only 40 have published more than 10 titles. Therefore, the number of serious publishers that could be considered as creators of a serious cultural industries sector is much smaller than can be suggested at first when looking at the number of publishers. Moreover, for some countries it is quite difficult to obtain the trade statistics on the book industry as the publishers and distributors are reluctant to offer the real data.[10] The number of titles published per year can also give us an insight into the situation in book industry. As seen in Table 2, there has been a small increase in the number of published titles in the last few years in comparison to the mid-1990s. Unfortunately the new data for Albania, Bosnia and Herzegovina and Macedonia is not available.[11]

One can also note a peculiarity of the system - the numbers of titles have increased but upon a closer look at the circulation numbers one can note a rapid decrease. For example in Bulgaria in 1996 there were 4,840 titles published, in 2002 the number increased to 6,018, while the circulation of 20,317,300 copies in 1996 dropped to 5,616,000 copies in 2002. In Romania we notice the same pattern - the number of titles increased (in 1996 there were 7,199 titles published and in 2000 - 10,159 titles), while the circulation of titles dropped (in 1996 this was 38,374,000 while in 2000 it dropped to 11,267,000). In Serbia and Montenegro the situation is a bit different - not only did circulation numbers drop (in 1996 there were 16,669,000, and in 2001- 6,189,000), but the number of published titles dropped as well, as can be seen from Table 2.[12]

On the other hand, like in the movie industry, the SEE countries are struggling with book distribution, especially with ways of reaching the market, since there is a small number of true bookstores - the books are usually sold in shops that also sell stationary and toys (this occurs in most of the SEE countries as noted in cultural policy reports (Compendium, 2002)). Moreover, if one reviews the market the question arises as to the quality of these editions and of their versatility. For example, the books that are sold on stalls outside in the big cities are mostly bestsellers. Another interesting example of the peculiar book distribution is the book exchanges (Kingham, 1998). Considering the book mailing service it should be noted that it is still in its development stage as well as the e-book market sector.

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10 As stressed in Cvjetičanin and Katunarić (2001) and Kingham (1998). Additionally, in Publishing Survey (1999), out of all the countries researched only for Croatia is there no data presented.

11 According to Publishing Survey (1999) in Bosnia and Herzegovina there were 262 titles published in the year 1998, in Macedonia 620, in Serbia and Montenegro there were 4,967 published titles in the year 1997, in Albania 110 titles, in Bulgaria 52,000 and in Romania 6,231 titles have been published. While giving us the missing data these numbers also confirm the trends presented in the Table 2.

12 For Slovenia and Croatia the circulation numbers were not available.

The data on the book industry gives us some idea of the complexity in the sector and the need for a thorough re-evaluation that would bring about some further changes, both from the grassroots level as well as from the cultural policy level as well. In the difficult economic situation the cultural sector is suffering the consequences - the development of the book market is in a difficult position as a result of the bad tax system and the low purchase capabilities of the culture consumers. The “false publishers” market and the poor distribution chains present additional problems in the book industry. The small language markets of SEE countries also create problems with distribution as well as with translation costs.

**c) The recording industry and the media industry**

The industries that are largely present in everyday cultural consumption are the recording and media industries (by the latter I mean broadcasting and newspaper publishing). This area is quite large and it shall only be analyzed here briefly. When looking at the cultural consumption data in general, one has to note that out of total spending on cultural goods, the largest amount is spent on music and media-related goods (excluding cinema and photography). Considering the available data on SEE countries it amounts to 79.9% out of total spending on culture in Albania, 62.6% in Bulgaria and 72.9% in Romania (World Culture Report (2000)).[13] However, one has to stress that these industries are of great cultural and economic significance in the world in general, and not only in the SEE region.

When looking at domestic production in the recording industry, one notices that it is a situation of small-scale production in the local record industries - the same as in the movie industry sector. Questions concerning the work of domestic music artists have also been raised in cultural policies as the problem has occurred of domination by world media corporations in the area of SEE. The problem is similar in other parts of the world as can be seen from Table 4 and Table 5. In the last couple of years the media was concentrated in the hands of a few major companies covering a huge part of the creative industries as can be seen from Table 4. In addition, 44.6% come from the USA (Table 5). The countries in transition are also not immune to globalization processes such as media concentration, and what is more, “owing to the deficient media legislation, wild privatization, corruption and pressures by the states from which large media corporations come, the countries of Eastern and Central

13 Data on the other countries is not available.

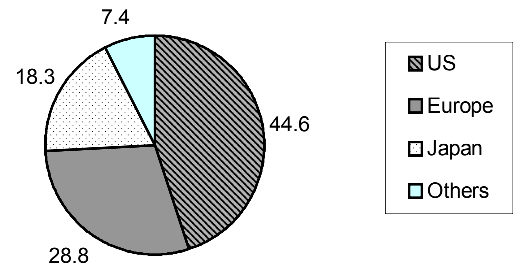
Europe have literally sold their media" (Hrvatin and Kučić, 2003). The issue of the broadcasting and newspaper publishing industry is further complicated due to its other position as a political instrument.

| | Company | Turnover 2002 in millions US$ | Film and programs | Video | Broadcasting & cable Programming | Music | Publishing | Internet & multimedia | Cable & telecom | Others |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Sony | 56 979 | 8. 4 | (1) | - | 8.5 | - | 13.2 | - | 69.9 |
| 2 | AOL Time Warner | 41 065 | 23.1 | (1) | 17.6 | 9.7 | 12.5 | 20.9 | 16.2 | - |
| 3 | Vivendi Universal | 27 956 | (3) | (3) | 39.5 | 22.4 | - | 2.8 | 29.9 | 4.9 |
| 4 | Walt Disney | 25 329 | 26.4 | (1) | 38.4 | (1) | 9.6 | - | - | 25.5 |
| 5 | Viacom | 24 606 | 14.5 | 22,1 | 63.4 | - | (1) | - | - | - |
| 6 | Bertelsmann | 17 603 | (3) | (4) | 19.65 | 17.65 | 46.33 | (2) | - | 16.37 |
| 7 | News Corp. | 15 195 | 26.6 | (1) | 40.4 | (2) | 28.8 | (2) | - | 4.3 |
| 8 | Lagardere Media | 8 095 | (3) | - | 8.3 | - | 41.4 | (3) | - | 50.2 |

(1) Included in "Film and programs"
(2) Included in "Others"
(3) Included in "Broadcasting and cable programming"
(4) Included in "Music"
(5) Year at 31.03.2002
(6) Does not include the turnover of subsidiaries sold in 2002 (in particular Vivendi Universal Publishing)
(7) Year 2000/2001
(8) Turnover 2002 but breakdown 2001

**Table 4 - Leading media groups worldwide - breakdown of turnover by activity, 2002**
**Source: European Audiovisual Observatory 2003**

***Table 5* Breakdown (in %) of the audiovisual turnover of the 50 leading companies worldwide (by nationality of companies), year 2002 (source: European Audiovisual Observatory Yearbook, 2003)**




In this way the overall tendency in cultural policies is to present quotas for domestic and European programs. However, if the quota for the national and European programs together is 50% (as presented in the policies of Bulgaria; in Romania it accounts for quotas according to the EU "Television without borders" directive, and in Croatia they are not specified) one can ask the "naïve" question as to whom the other 50% belongs? A part of the answer can be found in the data from Table 4 and Table 5 mentioned earlier, which explain the present world audiovisual market and its owners. Through this, one can also assume the importance of the culture industries in influencing the market politically and culturally as certain ideologies are presented in the programs of this audiovisual industry wherever it comes from. In this case the critique is partly directed towards the multinational companies that are slowly taking over the market and thus gradually diminishing media diversity and pluralism.

In relation to broadcasting one can note a positive trend in the last ten years in an increase in the hours of transmitted programs in TV and radio transmission in SEE countries as presented in the Table 2. What should also be mentioned in this context is the fact that there is a huge economic potential in the media industry in expanding the labor market of the SEE region. The problem arising is whether the importance of local cultural industries for the region will be recognized in time before they are swallowed up by the multinational companies. This is not only a problem for SEE countries, it is a problem of almost every country.

When considering the newspaper publishing sector, one of the noticeable problems is the difficulty of the regular acquisition of daily magazines (as well as other magazines) because of the lack of purchasing power of individuals in SEE countries. In order to present this situation, we can take a look at the data on daily circulation of newspapers per thousand people in the year 1998. The situation is as follows: for Albania the number of bought newspapers was 37 copies per thousand people, for Bosnia and Herzegovina 152, for Bulgaria 134, for Croatia 112, for Macedonia 21, for Romania 298 and for Yugoslavia 106 issues of dailies per thousand inhabitants (UNESCO, 2000: 294-295). The tendency in Western countries is for a higher number of dailies to be purchased but that could be attributed to the higher acquisition power (although the fact that a higher number of dailies are purchased in Romania than in Belgium and the USA is rather intriguing as well as the high purchase of dailies in Bosnia and Herzegovina (UNESCO Survey, 2000)). On the other hand, with low purchasing power, one can question the existence of specialized magazines for culture. It is important to stress this fact, as some of these magazines would not exist without state subsidies.

The concentration of ownership in the hands of a few companies is also influencing the recording industry as well. According to UNESCO (2000: 308-311) the percentage of distributed domestic popular music in Bulgaria and Croatia was 62%, while in Romania it was even less - 41%.[14] This issue of the increasing impact of international music production distributed in the SEE countries called for the proposition of subsidizing the production of classical and folk works that was suggested in order to protect national cultural identity from the attacks of the global market (for example, Croatia's cultural policy, see: Cvjetičanin and Katunarić, 2001). Although some countries stress clear contracts with international recording companies (as noted in the cultural policy of Bulgaria (Compendium - Bulgaria, 2002), some other countries emphasize that there are still problems in the area of pirating of works (Compendium - Albania, 2002) in the recording industries which is connected to the problems of copyright. As an illustration, according to the UNESCO Survey (2000) data on the recording industry during the period 1997-98 piracy accounts for 80% of sales in Bulgaria and Romania and 70% in Croatia.

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In this paper the analysis of cultural production and cultural consumption gives us an insight into the cultural industries of SEE countries. The problems of small markets, small production, the impact of international cultural industries and troubles with distribution of cultural products are some of the indicators of the current situation. One of the manifestations of the structural problems deeply rooted in the transition of cultural industries is the problem that state subsidies are still one of the key resources for cultural industry producers in general. This can be illustrated by the example from Croatia: "[a]lthough certain segments of artistic production (primarily culture industries) generate their own profits, and despite individual success at securing sponsorship, most cultural activities still rely on funding from the government (State and/or local levels)" (Compendium - Croatia, 2003: 15). A similar problem can be stressed in the Macedonian case where "…market orientation (of cultural industries) basically meant applying for financial resources from the budget of the Ministry of Culture" (Compendium - Macedonia, 2003: 9). This problem is a manifestation of the difficult transition process occurring in this sector as well.

The solution to some problems in the movie industry is seen in the increasing number of co-productions with Western countries. On the other hand, the problems of the book industry lie in the inability to find their own way in the market economy due to the small language

14 Data on the other countries is not available. The "missing" percentage is of the sales of classical music as a separate category.

markets of the SEE countries, problems with translation and promotion, as well as heavy tax problems in the publishing sector. The solutions to these problems are to be found in the changing of the cultural policy of the countries with the aim of preserving the book industry as one of the keys to the cultural identity of the countries, as noted Kingham (1998). This is mainly done through the restructuring of the new tax system so as to change the provisions in order to enter the EU (see cited example of Slovenia). Additionally, when discussing the recording and the media sector one can note that the serious effects of the presence of world audiovisual industries (corporations) are already present. However, the piracy rate in SEE is still quite high and therefore it is difficult to obtain the right data in order to explain the overall situation. Consequently, one can say that SEE countries also have problems due to the small size of their markets in general.

It can, therefore, be noted that the field of cultural industries in Southeastern Europe - be it the film, book or recording industry - has its specific problems due to the changes of the transition processes. Due to the tradition of former systems, of the perception of culture as something to be dealt with only within the scope of a one-party system, the field of cultural industries was naturally not prepared for the situation that was bestowed upon them with the introduction of the market economy system. On the other hand, one has to stress that cultural products are not like other products and therefore entering the "free market" is not an easy task. Foreign cultural industries have already used the opportunity to enter the area of Southeastern Europe and it is here that local cultural products are losing touch with the audience. Nevertheless, according to problems listed in this paper one could conclude that there are many structural changes ahead in the cultural industries sector in the SEE countries. The whole field has to be restructured in order to establish strong domestic production that will have a healthy distribution system and accessibility and that will be in touch with global processes.

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