

European Industrial Policy for Culture

An action plan for how culture, diversity and independent businesses can drive Europe's industrial future

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Executive summary

As acknowledged by the European Commission's [Culture Compass](#), Europe's vibrant cultural landscape is a source of soft power and a reputational asset, although its strategic importance for Europe is yet to be fully realised.

With this action plan, we set out the need for a coordinated EU cultural industrial strategy to unlock the full potential of Europe's cultural ecosystem by boosting its competitiveness, growth and diversity.

Europe is in the unique position of having incredible cultural talent and diversity, as well as thousands of independent businesses¹ who are artist-centred and risk-takers by necessity, creating jobs which are local and not likely to relocate anytime soon. Europe's culture and diversity is an endless natural resource, and it is unique. It makes sense for Europe to build on this natural advantage.

The starting point is recognising that culture is unlike any other business, and that artists and independent businesses are at the heart of cultural innovation, investment and diversity.

A number of challenges need to be addressed if we want Europe's cultural sector to thrive, from the rapid rise of generative AI to streaming fraud, algorithm opacity and manipulation, and market concentration, just to name a few.

Taking a strategic approach to culture is also important because it helps societies connect and avoid homogenisation as we confront the pressing issues of our time: rapid and complex change, geopolitical tensions, information manipulation and interference, antidemocratic movements, the climate crisis, technological shifts and the digital transition.

In short, culture is essential to Europe's economic growth, its values and its future. A European industrial policy for culture should be based on three overarching principles:

- Culture and diversity are societal, economic and geo-political priorities with particular needs and opportunities.
- Creators and independent businesses are at the heart of Europe's cultural industries.
- Making Europe the best place in the world for culture requires a business plan with targets and action points.

Jump [here](#) to see the full policy proposal, with our proposed action points. We also recommend a similar approach for national governments.

Jump [here](#) to see infographics.

¹ "Independent businesses" means businesses in the cultural industries who are local - whether micro, small, medium or large - and independent from global conglomerates. The industrial policy proposed by IMPALA aims to strengthen companies of all shapes and sizes who are able to compete and grow beyond the SME definition to reinforce the ecosystem. In the music sector the word "independent" has a specific meaning which applies to professional businesses working with career artists, taking into account questions of ownership which can also be translated across other cultural industries.

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Context

Today's culture is tomorrow's heritage

Decision makers in Europe are at a crucial point in history. Culture and diversity are values that define each region, each country, each community and each voice. Culture constantly renews and connects citizens in new ways. With each generation comes their own stories, their own music, their own artists, their own art.

Making sure this diversity can be shared and seen across borders and indeed across different communities is fundamental to society, to avoid homogenisation or "sameness" which narrow not just culture and art, but also ideas and values. This is not just a priority for today but also for the future. Today's new releases and diversity are tomorrow's heritage.

The role of independent businesses

Independent businesses across the whole cultural ecosystem provide the structure and scale for these values. They provide the expertise, risk taking, investment, identity, brand and association, as well as scale, to help artists and creators make a living from their art, from their diversity.

With independents accounting for over 80% of new releases in the music sector for example, it's clear that these innovative businesses of all shapes and sizes play a crucial role in terms of investment and diversity². As recognised in the [ORCA reports](#), independent music businesses have a unique function and also lead on transversal issues such as promoting fairness in streaming reform, as well as sustainability and equity, diversity and inclusion.

Overall, there are over 2 million cultural enterprises in the EU - 95% of which are micro, small and medium-sized businesses³ - generating around €199 billion in value added and employing 7.9 million people across Europe⁴.

It is essential to have an ambitious approach that aims to grow more big European independent companies which can offer more scale and prevent a "culture drain" by making it easier for ownership of intellectual property assets and best possible infrastructure to remain in Europe. We need Europe to be at the top of the culture game and this requires more powerful independent businesses. Part of this equation is better access to finance as well as the measures referred to in our recommendations below to help independents grow.

It is also important to review how SMEs (Small and Medium-sized Enterprises) are defined, to ensure that support reflects the spirit of these schemes, supporting certain types of businesses as they grow, rather than locking them into rigid categories and excluding them

² Dan Fowler in his February 2026 report [Powering an Independent and Culturally Diverse European Music Ecosystem](#) notes: "Independent music businesses that are artist-first and comfortable with creative risks by necessity, are the infrastructure through which diversity thrives." See also IMPALA's paper [Why does it matter from a cultural diversity perspective](#) from October 2025, which lists various indicators of the independent sector's contribution to diversity.

³ Eurostat, [EU had over 2 million cultural enterprises in 2022](#), March 2025

⁴ European Commission, [A Culture Compass for Europe](#), November 2025

from benefits because they outgrow the [SME definition](#). Growth should not mean losing access to support when it is needed the most.

The need for an industrial policy approach

Culture needs a clear industrial policy approach that recognises it is not a business like any other, and which places creators and independent cultural businesses at its heart.

Our action plan focusses on the role of the EU and national governments⁵ and is designed to help translate the strategic priorities in the EU's [Culture Compass](#) into a dedicated industrial policy with a focus on independent creators, businesses and diversity.

In Europe, culture has already been acknowledged as a key industrial sector. The [EU Industrial Strategy](#) adopted in March 2020 recognised the Cultural and Creative Industries (CCI) as one of the EU's 14 industrial ecosystems.

In its 2024 report on [Cultural diversity and the conditions for authors in the European music streaming market](#), the European Parliament *“invites the Commission to consider introducing a European industrial strategy for music to make the Union play a role in promoting the diversity of its artists and musical works, focusing on the strength and diversity of the European music sector, boosting smaller players, acquiring more investment, providing more exposure to artists and quantifying the results”*.

In the 2023 study on [Increasing European added value in an age of global challenges - Mapping the cost of non-Europe \(2022-2032\)](#), the European Parliament research service *“estimates that each euro invested in common EU action supporting or complementing the existing funding for the creative and cultural sector could potentially generate a return of up to €11 of GDP”*.

As acknowledged by the EC's [Culture Compass](#), while *“Internationally, Europe's vibrant cultural landscape is a source of soft power and a reputational asset”, “at the same time, culture's strategic importance for Europe is underestimated and yet to be fully valorised”*.

The cultural sector, and by extension cultural diversity, is also faced with a number of structural challenges. As mentioned above, the rapid rise of generative AI, fraud, streaming manipulation and algorithm opacity, all in the context of severe market concentration, create further issues for Europe in terms of ownership of intellectual property and infrastructure, and investment in European artists and culture. These challenges need to be addressed to prevent a culture drain and maintain a healthy ecosystem and preserve Europe's sovereignty.

Europe must also recognise and harness how cultural diversity helps avoid homogenisation or "sameness" which narrow not just art, but also ideas and values, helping societies connect and grow as we confront pressing issues of our time. The fact that art, culture and diversity are essential for regional economies is also an important aspect to consider.

⁵ This complements other ongoing work which IMPALA is doing such as streaming reform recommendations for services and specific finance work which is in the pipeline as of April 2026, as well as other aspects which are also important such as industry collaboration as set out in the [powering an independent and culturally diverse ecosystem report](#).

In short, culture is essential to Europe's economic growth, its values and its future. With this action plan, IMPALA is putting forward what we see as the building blocks of a much-needed coordinated EU cultural industrial strategy. This would boost the competitiveness, growth and diversity of Europe's cultural and creative industries and guarantee Europe's sovereignty over the infrastructure and value chains through which European culture develops. Similar work is ongoing in other jurisdictions such as the UK which is developing a Culture Plan⁶.

The EU's obligations as regards diversity

An industrial policy approach is in line with the EU's treaty obligations⁷ to actively consider cultural diversity when implementing policies across all areas of its work, ensuring that cultural aspects are respected and promoted in its actions. The EU is also a signatory to the [UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions](#), which celebrates its twenty fifth anniversary this year. When the EU signed up to the Convention, its basic principles became part of EU law. That includes ensuring fair and equitable access to the means of production, dissemination and distribution of culture.

Building on existing work

Our proposal builds on the recent report by Dan Fowler "[Powering an Independent and Culturally Diverse European Music Ecosystem](#)" which finds that independence is synonymous with cultural diversity, outlines the economic and social importance of a strong independent sector and concludes that this ecosystem needs fair conditions to remain strong and vibrant. In the context of a rapidly evolving political landscape, the report calls for a "*fundamental rethink*" to build a robust and actionable plan to support and grow Europe's cultural and creative sectors.

Other recent work and reports also feed into this proposal for an industrial policy for culture, including IMPALA's own work on [remuneration](#) and [streaming](#), the first edition of the European Independent Music Summit in Zagreb in October 2025, our paper on [why cultural diversity matters](#) and our [conclusions to draw on concentration](#). Our plan also builds on ORCA's [reports on the contribution of independent businesses](#), Music Equality's [work on the question of geographic under-representation](#), the fourth edition of [UNESCO's Re|Shaping Policies for Creativity](#) report published earlier this year, the [EC's recent study on discoverability](#) and of course the 25th anniversary of the [UNESCO convention on cultural diversity](#).

⁶ Creative industries sector plan <https://www.gov.uk/government/publications/creative-industries-sector-plan>, music growth package <https://www.artscouncil.org.uk/music-growth-package>

⁷ Article 167(4), Treaty on the Functioning of the European Union which states that "*The Union shall take cultural aspects into account in its action under other provisions of the Treaties, in particular in order to respect and to promote the diversity of its cultures.*" See for example, paras 443 and 623 of the EC decision in case M648 (UMG/EMI).

European industrial policy for culture

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Principles

A European industrial policy for culture should be based on three overarching principles:

- Culture and diversity are societal, economic and geo-political priorities with particular needs and opportunities.
- Creators and independent businesses are at the heart of Europe's cultural industries.
- Making Europe the best place in the world for culture requires a business plan with targets and action points.

Action points

The following action points, structured around six objectives, are the backbone of our proposed industrial policy for Europe. We also recommend a similar approach for national governments.

1. **Mainstream culture in all policy areas, prioritise pluralism, independence, and fair market access**
 - adopt a business plan for the cultural sector and for each distinct industry, report annually on progress, ensure coordination across different EU services and conduct cultural diversity impact assessments in all decision-making
 - determine what optimal cultural ecosystems need and design policies accordingly
 - embed cultural diversity and discoverability in all key market frameworks, ensure fair and reasonable access and rightsowners' freedom to choose how they want to license their works, consider whether an EU audiovisual service-type regime might suit other sectors
 - appoint Chief Cultural Diversity Officers in key services such as competition and digital
 - revise traditional notions in all key aspects of competition policy (such as dominance, harm) and other relevant areas to make them fit for purpose in modern cultural markets
2. **Ensure strong rights, proper AI regime and fierce protection of all revenue sources**
 - apply robust copyright rules based on exclusive rights, avoid any new exceptions, ensure effective implementation of the EU's AI Act obligations to promote human art
 - protect all revenue sources fiercely, fast-track processes when issues arise which have a direct negative impact on the income of Europe's cultural sector (e.g. after court cases such as the 2020 EU "RAAP" ruling)
 - support industry efforts to reform streaming and other digital markets to improve revenue allocation and discoverability of diverse works

3. Enable cultural companies to grow through dedicated financing and tax mechanisms

- set up dedicated financing and tax mechanisms at national and EU level
- use ongoing EU budget discussions to match ambition for culture with financing
- propose reduced VAT rates on all cultural products and services, offline and online
- get rid of double taxation and other barriers which hinder the mobility of artists and their works
- make the business case for member states to apply special social security and fiscal status as well as other mechanisms for artists and independent businesses
- revise definition of “SME” and make sure independent businesses can grow without losing fiscal benefits because they fall out of the [SME definition](#)

4. Make diversity measurable and trackable, with new standards for digital services

- where they don't already exist, implement sector observatories to map key indicators: ownership, diversity (including EDI factors as well as cultural diversity), country, language, pluralism and discoverability at all points in the ecosystem
- use public facing scoreboards as an incentive to improve performance regarding these factors
- revise statistical codes and other measures for a more accurate valuation of the cultural sector's contribution
- secure algorithmic and recommendation system transparency from digital services, full labelling of works (AI generated, human), reporting on fraud, manipulation, cultural diversity commitments

5. Promote cultural diversity internationally, create a new global movement, raise copyright standards

- promote cultural diversity as a new global priority
- develop an export strategy to boost Europe's cultural diversity and position as a world leader
- reinforce culture and audiovisual protections in trade negotiations, with all partners urged to commit to matching rights protection in EU and promoting mobility

6. Support the cultural sector's leading role in sustainability & equity, diversity and inclusion efforts

- support sector-wide transition and efforts by independent businesses who set the example, ensure no one gets left behind as progress is made, recognise that there is no one size fits all
- prioritise clean energy to facilitate more sustainable manufacturing, ensure fair access for all independent businesses
- amplify the power of diverse voices in the cultural sectors to achieve horizontal priorities such as the EU Green Deal
- make cultural diversity, EDI and sustainability relevant when assessing grants

European Industrial Policy for Culture

Three principles

- **Culture and diversity are societal, economic and geo-political priorities with particular needs and opportunities.**
- **Creators and independent businesses are at the heart of Europe's cultural industries.**
- **Making Europe the best place in the world for culture requires a business plan with targets and action points.**

Six objectives

- 1 **Mainstream culture in all policy areas, prioritise pluralism, independence, and fair market access**
- 2 **Ensure strong rights, proper AI regime and fierce protection of all revenue sources**
- 3 **Enable cultural companies to grow through dedicated financing and tax mechanisms**
- 4 **Make diversity measurable and trackable, with new standards for digital services**
- 5 **Promote cultural diversity internationally, create a new global movement, raise copyright standards**
- 6 **Support the cultural sector's leading role in sustainability & equity, diversity and inclusion efforts**

European Industrial Policy for Culture



Action points overview

1. Mainstream culture in all policies

- Annual reports on business plan targets & policy action
- Policies based on optimal cultural ecosystems
- Cultural diversity & discoverability in all frameworks
- Chief Cultural Diversity Officers appointed
- Making competition concepts fit for purpose

2. Ensure strong rights & proper AI regime

- Robust copyright rules based on exclusive rights
- Effective implementation of AI Act obligations
- Fierce protection of all revenue sources
- Support industry efforts to reform streaming

3. Enable cultural businesses to grow

- Dedicated financing & tax mechanisms
- More ambition for culture in EU budget
- Reduced VAT rates on cultural products & services
- No more double taxation & similar barriers
- New social security & fiscal status, revise SME definition

4. Make diversity measurable & trackable

- Sector observatories to map key indicators
- Public-facing scoreboards as incentive to improve
- Revise statistical codes to better value sector
- Algorithmic & recommendation system transparency
- Labelling of AI works, reporting on fraud & manipulation

5. Make cultural diversity a global priority

- Promote cultural diversity & new global movement
- Develop export strategy & promote mobility
- Reinforce culture & audiovisual protections in trade negotiations
- Raise level of rights protection globally

6. Support sustainability & inclusion

- Support independent businesses taking lead
- Prioritise clean energy for sustainable manufacturing
- Ensure fair access for independent businesses
- Amplify diverse cultural sector voices promoting change
- Make these factors relevant when assessing EU grants