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“Measuring the Economic Contribution of the Audiovisual Industry in the Republic of Macedonia”

ANALYSIS
OF THE CONDITIONS OF THE CREATIVE AUDIOVISUAL INDUSTRIES IN THE REPUBLIC OF MACEDONIA

Authors: Saso Bogdanovski, MA and Snezana Trpevska, PhD

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Convention on the Protection and Promotion of the Diversity of Cultural Expressions

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Preface

This analysis is part of the Project "Measuring of the economic contribution of the audiovisual industry in the Republic of Macedonia", implemented by the UNESCO Chair at the School of Journalism and Public Relations, with support by the UNESCO Fund for Cultural Diversity from Paris. The UNESCO organization highlights the huge role of strong creative industries in the promotion of a cultural diversity. This is actually the main focus of the Convention on the Protection and Promotion of Cultural Diversity adopted in October 2005 and the support provided by the UNESCO Fund for Cultural Diversity established in order to implement the Convention. The primary objective of the support provided by this Fund is to encourage the development of a dynamic cultural sector by adopting new cultural policies, strengthening of existing and development of new cultural industries.

The purpose of this analysis is to present the current situation of the audiovisual segment, as part of the broader sector of creative industries in Macedonia. The audiovisual industry, in this context, includes the film, television, video games and multimedia production, i.e. the industries that produce contents or works consisted mainly of sound and moving images, or only moving images.

The analysis was conducted by a research team at the UNESCO Chair and it mainly relies on desk-research and in-depth interviews with about thirty representatives of the audiovisual industries, experts, authors and representatives of relevant state institutions who are responsible for creation and implementation of the policies that directly or indirectly refer to these industries. This analysis is based also on the findings of the comparative study conducted within the frames of this Project by Dr Suzana Milevska, expert in digital art and culture[1].

The data and findings in this analysis should serve as a starting point for the discussion with all stakeholders that will be organized by the UNESCO Chair at the School of Journalism and Public Relations on September 27th 2013 in Skopje, as part of the Project supported by the UNESCO Fund for Cultural Diversity. The text of the analysis is still in its draft – form, i.e. there is a space for recommendations, suggestions and amendments that might result from the discussion at the conference.

[1] The study is available on the UNESCO Chair Web site: www.unescochair-vs.edu.mk

Introduction to the Analysis

Creative industries are important for the expression and enrichment of cultural diversity, but they are also one of the most dynamic economic sectors

In the last decade, in Europe and worldwide the importance of cultural and creative industries is increasingly discussed. The visual and performing arts, film, television, music, multimedia products, publishing, architecture, design and many other applied disciplines strongly affect our everyday lives and shape our values, identity and aspirations.

However, despite their importance for expression and enrichment of cultural diversity in the society, these industries are one of the most dynamic economic sectors. Cultural and creative sectors can contribute to economic growth, create a new material value and open new jobs. In the European Union, about 7 million people, or more than 3% of total employees are found in these sectors. They account for over 3 percent of the GDP of the European countries.

The investment of the developed countries in these sectors brings great results, both in terms of fostering cultural values and in the overall economic development[2]. However, this entrepreneurial or economic dimension of culture is not yet sufficiently recognized in the developed countries and almost not at all in developing societies, such as the Macedonian.

The Organization of UNESCO has given this topic a great importance with the adoption of the Convention on the Protection and Promotion of Cultural Diversity in October 2005 and the support provided by the Fund for Cultural Diversity which was established to implement the Convention. The primary objective of the support provided by this Fund is to encourage the development of a dynamic cultural sector by encouraging new cultural policies, strengthening of the existing and development of new cultural industries.

The European Commission has provided this topic an important place in the European agenda for culture, and it launched several projects in the past few years aimed to understand which business environment should be encouraged to meet the specific needs of creative entrepreneurship. In order to encourage the development of these cultural sectors the EU will provide financial support through the *Creative Europe* programme, which will become operational from 2014, as well as by the funds provided to achieve the long-term goals of *Europe 2020*.

[2] More details for the development of the creative industries in the developed countries can be found in the Comparative analysis of relevant case studies and positive practices, which is also part of this Project.

Today, these industries everywhere and in our country function in an environment that is constantly changing under the impact of new technologies and visible consequences of cultural globalization can be seen every day. It brings different challenges and barriers for the small enterprises which cannot express all their creative potential due to these. To address these challenges, each state should build meaningful national policies that rely on comprehensive mapping of the situation and mobilizing of all cultural and creative resources in the country. Such policies must be comprehensive, to call for partnerships among different sectors (culture, industry, education, economy) and involve all relevant public and private entities.

Development of the idea for the creative industries in the Republic of Macedonia

The idea for the creative industries in Macedonia was supported for the first time in 2005 by the Ministry of Culture, when the initiative to restore the Old Bazaar was launched, as an urban location that would be developed under the concept of 'creative cities'.

The Ministry of Culture undertook a comprehensive mapping of the creative industries in Macedonia in 2009, when with the support of the British Council the first strategic document was produced that highlights the role of this important sector in the Macedonian society[3]. The strategy describes all areas that are part of the creative industries and proposes guidelines for the development of each: architecture, design, fashion design, music, theater, film, television, publishing, crafts and more.

The new National Strategy for Culture of the Republic of Macedonia confirms the orientation of the Ministry to develop the creative industries in their various forms and expressions. In addition, as of February 2013, the Ministry introduced a financial support for the creative industries through an advertisement intended for projects in all segments of the creative industries.

The City of Skopje, in its Strategy for Cultural Development for the period 2012 – 2015, provided an encouragement of the creative industries, including establishment of a special center for creative industries to unite multiple segments: "architecture, design, visual arts, video games, TV production, IT technology, computer software development, marketing, ecology, cultural heritage and so on." Since 2010 the City of Skopje is a member of a network of creative cities.

[3] Mapping of the creative industries in the Republic of Macedonia, July 2009. Available at: http://www.britishcouncil.mk/files/2012/11/KREATIVNI-INDUSTRII.pdf

The audiovisual industries are one of the most important sectors in the enrichment of cultural diversity

It is specifically stated in the conclusions of the Lisbon Summit of the Member States of the European Union, held in 2000, that the "industries for contents create new values by exploiting and networking of the European cultural diversity." The audiovisual sector has a great economic potential and important cultural and social impact.

The European audiovisual policy is geared towards ensuring development of this sector and support to the transnational dimension of this cultural industry. For this reason, the European Commission has introduced several programs that support creative cultural industries in general, and especially the audiovisual sector. The new program "Creative Europe", which will begin to be implemented from 2014, will not only increase and focus the support of cultural industries, but it will also include a special financial platform that will be led by the European Investment Bank.

The creative industries that belong to the audiovisual sector and that are covered by this study are: film, television, video games and multi-media products.

The encouraging of the domestic production of featured film in Macedonia is intensified with the adoption of the first Law on Film Activity in 2006 and with the establishment of the Film Fund.

In the TV segment, as part of the audiovisual industries, two strategies were adopted in Macedonia for development of the broadcasting activity (2007-2012 and 2013-2017), which especially emphasize the importance of the television industry in preserving and nurturing of cultural pluralism in Macedonia.

Objectives and manner of analysis conducting

The creation of policies that aim to strengthen the creative industries sector must be based on comprehensive analysis of the situation of each individual creative sector. Such analysis should achieve the following objectives: (1) describe the structure of the actual creative industry, the major interest groups, as they relate to each other and what is the relationship of this industry with the other sectors in the overall economy, (2) analyze the functioning of the creative industry and its contribution to the economic, social and cultural life, and (3) provide comprehensive statistical data based on which the contribution or the share of the particular creative sector in the newly created value, employment, trade and economic growth could be assessed.

To implement such a comprehensive analysis, it is necessary that all relevant institutions in the state collect reliable data on various aspects of the creative industries, which means that the concept of creative industries is introduced and processed into the national statistical system. However, in Macedonia, as in many other developed countries, it is still impossible to find comprehensive information on all creative industries, because in the classification of activities under which statistics is collected they are not separated as specific sectors.

On the other hand, it should be noted that this is a new sector which appears now and is constantly changing, therefore it is very difficult to develop a single methodology for measuring its contribution to the overall economic, social and cultural development. The current methodologies rely on the knowledge and experience in the measurement of the other industrial sectors and they cannot fully respond to the specifics of this sector. After all, the main dilemma faced by researchers of creative industries in recent years is "whether the creative economy is identical to the rest of the economy and, if not, in which way it is particularly different."[4]

The specific approach in the analysis of the creative industries for which many researchers stand relies on the thesis that they are characterized by three distinctive aspects that make them significantly different from other economic sectors and that are crucial for policy making as well: their organizational structure (mainly small or medium enterprises), the manner of their performance (the profit are concentrated among a small number of individuals) and geographical location (clustering). Moreover, the various segments of the creative industries sector are characterized by some specifics, which again requires a specific approach in the analysis and policy making.

The main objective of this analysis is to provide a better understanding of the work and the needs of the companies in the sector of audiovisual creative industries, which generally belong to the segment of small and medium enterprises (SMEs). The intention is not to give a comprehensive economic analysis of the audiovisual industries, but to describe the problems faced by the actors, to identify best practices and provide guidance and recommendations of use to the relevant policy – making institutions.

The analysis largely relies on information and observations obtained from interviews with over 30 representatives of companies from the audiovisual sector, producers, directors, authors, experts and representatives of relevant institutions. In addition, we analyzed a number of strategic documents and legislation, decisions of the relevant institutions, similar studies conducted in other countries, EU documents, and a number

[4] [4] *Creative Economy Report 2010,* page 73, available at: http://unctad.org/en/Docs/ditctab20103_en.pdf

of web sites of organizations and associations in the field of creative industries were analyzed as well.

Although, for objective reasons, the national statistical system still cannot offer data that provide concrete picture of the contribution of this sector, still the available statistical indicators that provide at least some picture for this sector are presented in the chapter (3) on the current state of the audiovisual industries. In addition to the data from the Bureau of Statistics, under the television sector part, some of the data collected by the Broadcasting Council are presented.

2 The creative industries and entrepreneurship

The terms „creative industries“, “creative economy“ and „creative entrepreneurship“

According to the definition of the Conference on Trade and Development of the United Nations (United Nations Conference on Trade and Development - UNCTAD) creative industries:

- are cycles of creation, production and distribution of goods and services which use creativity and intellectual capital as a primary input;
- they are consisted of a set of actions based on knowledge, focused, but not limited to art, which can generate income from trading and rights on intellectual property;
- they are consisted of material products and nonmaterial intellectual or artistic services with creative contents, economic value and market objectives;
- they are found between art, industry and service sector and
- represent a new dynamic sector in the world trade[5].

UNESCO considers cultural industries as industries that "combine creativity, production and commercialization of contents which are nonmaterial and cultural in nature, which are typically protected by copyright and can get the form of goods and services." According to UNESCO, an important aspect of cultural industries is that they are of central importance "... in promoting and maintaining of cultural diversity and in ensuring democratic access to culture." [6] This dual nature - combining economic and cultural – is the specifics of cultural industries.

The term "creative economy" or "economy of culture" was developed in the last decade and refers to the application of economic analysis to the creative and performing arts,

[5] *Creative Economy Report 2010,* Available at: http://unctad.org/en/Docs/ditctab20103_en.pdf
[6] See more at: http://portal.unesco.org/culture/en/ev.php-URL_ID=34603&URL_DO=DO_TOPIC&URL_SECTION=201.html

cultural heritage and cultural industries, regardless if they are publicly or privately owned. It deals with the economic organization of creative industries and the behavior of producers, consumers and institutions in this sector.

According to the definition of UNCTAD, the creative economy is a "concept in development that is based on the creative capital that has the potential to generate economic growth and development." [7] Furthermore, this definition says:

- It can foster income generation, job creation and earnings from export, by promoting social inclusion, cultural diversity and social development;
- It covers economic, cultural and social aspects in conjunction with the goals of technology, intellectual property and tourism;
- It is a set of actions based on knowledge, that have developmental dimension and are closely intertwined with the overall economy at macro and micro level;
- It is a viable option for development, which requires innovative, multidisciplinary and inter-agency approach to policy-making;
- Creative industries are at the heart of the creative economy.[8]

An important concept in this context is the "creative entrepreneurship" which marks a new category of successful and talented people who are able to transform ideas into innovative products or services. The creative entrepreneurship deals with creating strategies, organizational design and leadership in the context of cultural organizations. It is described as "a new way of thinking and a new approach that, starting from an initial cultural mission, searches for opportunities in the environment of a cultural organization."[9] After the management in culture and art, creative entrepreneurship becomes a guiding philosophy of the 21st century.

Four dimensions of the creative economy

Creative economy has different dimensions and different ways of contributing to the economic, social, cultural and sustainable development in society.

Economic dimension. Creative industries are indispensable of the economy of a country. They generate income, employment, help in the development of the area where they work and promote the preservation of cultural and natural heritage. In many countries they are growing at a faster pace than other economic sectors. A typical way to measure the contribution of these industries to the national economy is to measure the added value they create, the share in labor and in capital. The sum of the value

[7] *Creative Economy Report 2010,* pp.10, Available at: http://unctad.org/en/Docs/ditctab20103_en.pdf

[8] Ibidem.
[9] Ibidem.

added of all industries is equal to the gross domestic product. However the official statistics in many countries cannot measure the added value of individual creative industries, so these data is very difficult to be provided even on worldwide level.

Social dimension. A large contribution of the creative industries in social terms is rising of employment. As an economic sector , they heavily rely on knowledge, specific skills, high - skilled labor and intensive intellectual labor, especially where great creativity is required, as for example in the creation of film, television and multimedia works (film, drama, fiction series, documentaries, animations and video games , etc. .). In the developed countries, the share of creative industries in the workforce is relatively large and ranges from 2 to 8 percent of the total workforce. The potential of this sector for new employment can be important in terms of policy making. For example, in many countries, the strategies for renewal of undeveloped industrial regions rely on encouraging the development of creative industries as an effective way to stimulate employment.[10] Another important *social* aspect of the creative industries is that they contribute to social inclusion, particularly because it means creating cultural products, as is the case with audiovisual industries. These products create new cultural values and contribute to bonding and connecting of various cultural communities.

Cultural dimension. Creative industries undoubtedly have huge importance for the culture of a country and the development and nurturing of cultural values and identity. Thus, their role in preserving and developing of cultural diversity is very important in terms of achieving the objectives of cultural policy on a country level, as well as on the level of a region, town or local community. The Universal Declaration on Cultural Diversity adopted by UNESCO in 2001 emphasizes that diversity is embodied in the "uniqueness and multiplicity of identities of different societies and groups, as a common heritage of mankind."[11] Later, in 2005, UNESCO has given specific direction to this global objective, by adopting the Convention on the Protection and Promotion of Cultural Expression, in which the creative industries are specifically identified as an important sector in building of cultural diversity.

Dimension of sustainability. The concept of sustainable development is not limited to the protection of the environment. The material and nonmaterial cultural capital of a community, a nation and a region is something that should be preserved for future generations, equally as preserving the natural resources and ecosystems to ensure the continuation of life on the planet. Cultural sustainability means development that takes care of all kinds of cultural capital, minority languages and traditions to artifacts, buildings and locations. Sustainability as a concept in the protection of cultural heritage

[10] *Creative Economy Report 2010,* pp.24, Available at: http://unctad.org/en/Docs/ditctab20103_en.pdf
[11] Available at: http://portal.unesco.org/en/ev.php-URL_ID=13179&URL_DO=DO_TOPIC&URL_SECTION=201.html

should ensure: all members of the community should have equal access to cultural production and enjoyment of cultural products ; to store (archive) cultural heritage in the long term to provide access to it for the future generations; cultural products and services should reflect all cultural diversity in the society so that it is maintained in the future; cultural products should not be perceived in isolation from their social and economic dimension, and a comprehensive (holistic) approach is required.

Classification of the creative industries

UNCTAD's approach to creative industries relies on the expansion of the term "creativity" to each economic activity whose products have a symbolic character, based on intellectual property and intended for the broader market." [12] UNCTAD distinguishes between" upstream "activities (performing and visual arts) and "downstream" activities (which are much closer to the market, such as advertising, publishing and media). The latter group derives its commercial value from low reproduction costs and easy transfer to other economic domains. From this perspective, the concept of creative industries is wide and covers the cultural industries itself.

According to the classification of UNCTAD, the creative industries are divided into four broad groups: heritage, arts, media and functional creations. These four groups are further divided into nine subgroups:

- *Heritage*. Cultural heritage is identified as origin of all forms of art and as a spiritual basis of cultural and creative industries. Legacy links historical, anthropological, ethnic, aesthetic and social aspects of culture and the creative industries. It is divided into two subgroups: *traditional cultural expressions* (crafts, festivals and celebrations) and *cultural monuments* (archaeological sites, museums, libraries, exhibitions etc..)
- *Arts*. This group includes creative industries solely based on art and culture. Artwork is inspired by the heritage, identity and symbolic significance. It is divided into two major subgroups: *visual arts* (painting, sculpture, photography and antiques) and *performing arts* (live music, theater, dance, opera, circus, puppet performances, etc.;
- *Media*. This includes two subgroups of media that produce creative content in order to communicate with a wider audience (new media are classified separately): *Publishing and printed media* (books, press and other publications) and *Audiovisual* (film, television, radio and other forms of broadcasting);
- *Functional creations*. This group refers to a service-oriented industries that produce goods and services with a functional purpose. It includes two major subgroups: *design* (interior, graphic, fashion, jewelry, toys), *new media* (software,

[12] UNCTAD, *Creative Industries and Development* (document TD(XI)/BP/13, June 2004).

video games, digitized creative content); and *creative services* (architecture, advertising, cultural and recreational services, creative research and development, digital and other creative services).

Context and definition of the audiovisual industries

The development of digital technologies and the convergence between television and the Internet continuously transform the audiovisual sector and the ways in which audiences can perceive the audiovisual content. Besides watching television set connected to the Internet, downloading of audiovisual content on demand from cable or IPTV operator, the viewer has the opportunity today without the mediation of an operator to request content (Over-The-Top Content - OTT) directly via a PC, laptop, tablet, smart phone, set-top box, game console, smart TV, etc.

Digital technology has made a huge increase in the number of media and platforms through which creative content is transmitted to users: video on-demand, music podcasting, streaming, computer games and television content via cable, satellite, Internet or mobile phone. The number of channels and distribution platforms continues to grow, creating a huge need for new creative contents.

The boundaries between traditional passive viewing of linear TV and active audience participation in the consumption of contents are now even more removed. Consumers use tablets or smart phones while watching TV to learn more about the content they see, to communicate interactively with friends or with the television program. The average time of viewing of a linear TV in Europe today is about 4 hours[13], while the active use of "converged" audiovisual content is increasing. This encourages market players to adapt and develop new business models aimed at producing audiovisual content for multiple media.

Therefore, if this is seen in terms of the need of the public for audiovisual contents, the competitive space for the traditional and the new audiovisual media is exclusive today. Many players in the market fight at this space: they are all trying to adapt their offer to different types of media or means of transmission. Therefore, for the purposes of this analysis, the audiovisual sector industries are defined broadly to include: film, television, video games and contents intended for multiple media (multimedia, cross media).

[13] Yearbook of the European Audiovisual Observatory, Volume II, page 171.

3 Audiovisual industries in Macedonia – situation and perspectives

Available ctatistical data

Creative industries are not listed as a separate sector in the classification system of the State Statistical Bureau (SSB), however the existing statistical helps to indirectly obtain some information on the share of the audiovisual creative industries in the overall economy.

Employees[14] - In the classification of activities the audiovisual industries that are subject to this analysis (film, television, video games and multimedia) are placed in the field 'Information and Communication', in three categories: film business, video production and television program and activities of sound recordings and music publishing, broadcasting and computer programming, consultancy and related activities.

	Total number of employed		Women		Ownership	
	2011	2012	2011	2012	Private	Other
Information and Communication Sector	**9 823**	**9 972**	**3 828**	**3 941**	**8 024**	**1 948**
Publishing activity	1 120	993	402	562	850	143
Film activity, production of video and television program and activities of sound recordings and music publishing	408	**442**	229	170	355	87
Program broadcasting	2 264	**2 152**	866	807	1 101	1 051
Telecommunications	3 292	3 266	1 291	1 226	3 128	138
Computer programming, consultancy and related activities	2 038	**2 446**	611	768	2 446	**-**
Information services	701	673	429	409	145	528
[15]) Marketing (advertising and propaganda) and market research	930	**1 019**	697	588	1 019	-
Total number of employees in all sectors	**474 398 (October 2012)**					

Table 1: Number of employees in the Information and Communication Sector, October 2012 (Source: State Statistical Bureau)

These three categories probably cover entities that perform activities that are not subject to this analysis (radio, music publishing, computer programming, etc.). But this

[14] Data about the employees in these industries can be found in the publication „Employees and net salaries: situation in October 2012“, available at http://www.stat.gov.mk/Publikacii/2.4.13.07.pdf . Although the category creative industries does not exist in the classification, data from the categories “Information and communication” and “Art, entertainment and leisure” can be obtained.

[15] The category marketing and market research belongs to another activity ’Expert, scientific and technical activities’, but it is placed here due do the fact that large number of the market agencies in Macedonia work on production of audiovisual contents as well.

categorization may still give orientation to the dimensions of the audiovisual sector industries. For comparison, the table presents data on other categories in this activity[16].

The table shows that in the entire sector 'Information and communication' the segment that has the highest growth in terms of number of employees is 'computer programming, consultancy and related activities'. But it should be taken into consideration that the number of businesses in this segment dealing with production of video games is unknown here. Second segment by the number of employees is 'broadcasting' which includes all television and radio stations. But, it could be noticed here that the number of employees in 2012 is decreased, compared to 2011. Third sector by the number of employees is the film industry.

Number and size of the business entities – The total number of active business entities, based on the SSB data was 74.424 in 2012[17]. The greatest portion in the structure are the sectors 'Wholesale and Retail', 'Repair of motor vehicles and motorcycles' with 27, 307 entities or 36.7% and 'Manufacturing industry' with 8,251 entities or 11.1%. Least represented sectors are: electricity, gas, steam and air conditioning with 134 subjects, or 0.2% and Mining and quarrying with 182 subjects, or 0.2%. The Sector 'Information and Communication' had a total of 1,515 businesses which is 2.03% of the total number.

The data on the structure of businesses by number of employees shows that enterprises have most of the share (82.0%) with 1-9 employees. This is followed by businesses with no employees (or entities that did not provide information for employees) with 9.6%, and then entities with 10-19 employees with 3.9%, the share of entities with 20-49 employees is 2.4%, entities with 50-249 employees participate with 1.7% and only 0.3% of active business entities have over 250 employees.

The research of the State Statistics Bureau "Employees and net pay - state in October 2012", covered a total of 59,120 enterprises, of which in the sector 'Information and communication' 1,059 are enterprises, or 1.79% of the total number. However, the actual number of entities in the audiovisual industries is lower because other activities are included in this sector (see Table 1). [18]

However, the actual number of entities in the audiovisual industries is lower because this sector includes other activities (see Table 1). The structure of these business entities, according to the number of employees is the following one:

[16] In the SSB research business entities are included of all types of ownership (private and other) and all employees who have started working for the business entity, regardless if they are in an employment of indefinite or definite time.
[17] See more: Press release – Number of active business entities 2012, available at: http://www.stat.gov.mk/pdf/2013/6.1.13.13.pdf
[18] In the research of the SSB, the indicators on the number of enterprises are not collectively shown in the category Information and Communication, i.e. they are not broken down by activities categorized in this sector, available at http://www.stat.gov.mk/Publikacii/2.4.13.07.pdf.

	Total.	1-5	6-10	11-25	26-50	51-100	101-300	301-500	501-1000	1001-2000	Over 2000
Number of enterprises	1059	243	674	84	26	16	12	2	1	1	-
Total number of employees	9972	302	1914	1218	837	1024	1698	854	864	1260	-

Table 2: Number and size of enterprises in the sector Information and Communication, according to the number of employees, October 2012 (Source: State Statistics Bureau)

It is evident from the data that most businesses fall into the group that has between 6-10 employees (674) and in the group of 1-5 employees (243). This means that this sector is dominated by small enterprises.

Out of the 1,059 businesses, 919 are privately owned (a total of 8,024 employees), and 140 are state owned or another type of ownership (with a total of 1,948 employees). One of the enterprises owned by the state has 1,260 employees; it is the public broadcaster - Macedonian Radio Television.

Value-added and turnover - In 2011, in the research conducted within the structural business statistics, SSB analyzed 53,645 businesses, which achieved total sales of 924,227 million denars and created added value of 209,592 million denars.[19]

In the total added value, calculated according to the cost of factors of production, in 2011, companies from the Processing industry have most of the share (26.3%) and from the sector Wholesale and retail trade (22.8%). The enterprises from the sector Information and Communications participated in the total value added with 8.5%, which should not be neglected in comparison with the share of other sectors. The exact share of the audiovisual industries (film, television, video games and multimedia) can not be determined, because the indicators for the sector Information and communications are not presented by type of activity.

General policies for stimulating creative and especially audiovisual industries in Macedonia

Policies to encourage the sector of small and medium enterprises and the entrepreneurship

Macedonian companies operating in the sector of creative industries dominantly prevail in the segment of small and medium enterprises. Therefore, general policies concerning the improvement of conditions for development of small businesses are relevant for them.

[19] See more: Press release – Structural business statistics, 2011, Available at: http://www.stat.gov.mk/PrikaziSoopstenie.aspx?rbrtxt=111

The sector of SMEs covers 98% of the total number of existing enterprises and, according to official indicators, it has the biggest share in the development of the overall economy[20]. Hence, it is a basic priority of the economic policies of the Government of the Republic of Macedonia aimed at increasing the competitiveness of the economy. To ensure efficient tripartite dialogue between the Government, private and NGO sector, National Council for Entrepreneurship and Competitiveness was established in 2012, as an advisory body of the Government for creating proactive policies that will contribute to developing the competitiveness of the Macedonian economy.

The strategic framework for support of the development of this sector is defined by the National Strategy for Development of Small and Medium Enterprises 2002-2013 and several other strategic documents, such as the Industrial Policy of the Republic of Macedonia 2009-2020 and others.[21] The implementation of the strategic documents is made through annual programs implemented by the ministries or other institutions such as the Agency for Promotion of Entrepreneurship, the Agency for Foreign Investments and Export Promotion and others. Two programs are especially important in this context: The Program for competiveness, innovation and entrepreneurship that is implemented by the Ministry of Economy and the Program for Promotion of Entrepreneurship, Innovation and Competitiveness of SMEs that is implemented by the Agency for Promotion of Entrepreneurship.

Although in these general policies the creative industries were not a subject to direct incentives, still the activities and measures aimed at creating a favorable and attractive business climate and encouraging of entrepreneurship in the sector of small and medium enterprises refer to the entities in the area of creative industries as well. Measures and actions that have been undertaken in Macedonia in terms of creating a favorable business environment are the following ones: simplifying and reducing taxes, facilitating the registration of new businesses, simplification of administrative procedures, reducing costs and paperwork needed to start operation (regulatory guillotine), facilitating access to sources for funding of investments and others. [22]

Out of the measures contained in both of these programs it is particularly important to highlight two measures to encourage the further development of the creative industries sector: (1) support of cluster association and (2) voucher system of counseling.

The support for establishment and development of *cluster associations* is provided by the Ministry of Economy. It is treated as one of the drivers of competitiveness and it represents a special area of operation in the industrial policy. The international

[20] This sector participates with about 68% in the GDP and with a share of two thirds in the total number of employees in the Macedonian economy. See more at: http://www.konkurentnost.mk/OblastiDetailView.aspx?oblastId=2

[21] All strategic documents important to encourage SMEs and entrepreneurship are available at the web page of the Ministry of Economy Konkurentnost.MK, available at the following link: http://www.konkurentnost.mk/OblastiDetailView.aspx?oblastId=2

[22] See more at: http://www.konkurentnost.mk/OblastiDetailView.aspx?oblastId=2

experience in the development of a creative production shows that agglomeration of companies in one geographical space and their mutual proximity and interaction allows their faster growing and development. "The tendency among companies whose products contain music, film, visual arts , fashion and design to converge into separate clusters is reflected by the economic, social and cultural interaction that develops between them and it becomes essential for their survival and development."[23] Through the cluster association, companies actually take advantage of their spatial proximity, increase efficiency and productivity and become sustainable in the long run. The positive experiences of this cluster association in urban environments are known from the so-called cultural production centers in London, Los Angeles, New York and Paris, and recently in Mumbai, Hong Kong , Mexico City, Seoul and Shanghai. [24] In many parts of the world such clusters are popping out of urban centers, which allows an economic growth and opportunity for the expression of cultural traditions, arts and heritage to the disadvantaged residential areas.

In Macedonia there are about a dozen clusters that are in various stages of development. With the support of USAID, ICT Cluster was established which became the Chamber of the ICT industry - MASIT which operates independently today. As a subset of this cluster, the Macedonian Association for Digital Entertainment (MADE) was established in 2005, with members of about 40 companies in the field of television and film production and post-production, multimedia, Internet and mobile applications. The purpose of the Association was to promote Macedonia as a new global market destination for digital entertainment industry. This association announced the project to establish "Digital Media Film City" in 2006, which is actually the first attempt for clustering in the segment of audiovisual industries in order to take advantage of the concentration of the digital entertainment industry in one place. The project was planned to be completed by 2009, with funding from foreign donors, the private sector and with the support of the Government, but has not been implemented so far.

Measures of the Ministry of Economy are aimed at supporting awareness raising of cluster association, training of managers of clusters, supporting projects in clusters, encouraging innovation and export capacity of clusters, export promotion etc. In the public announcement published in 2013, the encouraging of cluster association was made through the following types of support:

- Support of joint projects for connecting clusters with the universities;
- Support for development of innovativeness and development of branded products;
- Support to the clusters for sector’s export promotion;
- Support for organizing of thematic fairs; and

[23] *Creative Economy Report 2010,* pp.16, Available at: http://unctad.org/en/Docs/ditctab20103_en.pdf
[24] Ibidem.

- Support for development of quality standards and adaptation to the requirements of the EU – markets.

Another possible form of support to small enterprises in the segment of the creative industries is the *counseling system* that can be used by existing SMEs and companies at the initial stage of establishing. This measure is provided by the Program for Promotion of Entrepreneurship, Innovation and Competitiveness of SMEs , and implemented by the Agency for Promotion of Entrepreneurship[25]. The voucher system of counseling consists of subsidizing advisory services that can be used by the existing companies or companies in establishing by authorized consultants, registered in the Catalogue of advisers on entrepreneurship maintained by the Agency. This support system is implemented through regional centers that actually function as a kind of ' incubators ' for development of small and medium enterprises. The Agency established such centers in Skopje, Veles, Bitola, Strumica , Kumanovo , Ohrid and Tetovo. It is important to note that the Agency for Promotion of Entrepreneurship is showing an interest and willingness to include audiovisual and creative enterprises in this support system[26].

Policies to encourage the creative industries

The first comprehensive mapping of the creative industries in Macedonia is done in the strategic document "Mapping of the creative industries in Macedonia" prepared by a group of experts of the Ministry of Culture, and supported by the British Council. [27] In this paper the audiovisual industries are covered in two segments: visual arts and media. The following categories of writers are included in visual artists: "Painters, sculptors, filmmakers, artists dealing with the new media art, electronic art, book illustrators, cartoonists, animators, photographers, video artists, art directors, and others.[28] "The assessment of the situation is made for the entire sector of visual arts, i.e. it does not deeply go into the specifics of the individual segments. In the guidelines given for this sector, it is emphasized that it is needed to provide data on the proportion of visual arts in the entire business of creative industries, the exact number of organized units, the workforce, collaboration with other sectors and so on. Therefore , the state should "... set up special bodies for conducting of this type of evidence and, in particular, within the Ministry of Culture in cooperation with the State Statistics Bureau and by establishing expert committees to assess the effects of the work of the sector." [29] Furthermore, in the area of economic measures, it is emphasized in the guidelines that the following is needed: "... providing soft loans, permanent subsidies from the state, tax exemptions,

[25] More on this measure can be found at the web page of the Agency: http://www.apprm.gov.mk/VOUCHER.ASP
[26] This readiness was highlighted in the interview with the representatives of the Agency conducted on July 25th 2013 2013
[27] Mapping of the Creative Industries in Macedonia, July 2009. Available at: http://www.britishcouncil.mk/files/2012/11/KREATIVNI-INDUSTRII.pdf
[28] Ibidem.
[29] Ibidem.

exemptions on import of raw materials, stimulating businesses related to production of raw materials and means of production and establishing of an institution that will allow greater promotion and export of products in the sector." [30]

In the 2009 Strategy on creative industries, the television as a segment in the creative industries is categorized into the media sector. However, according to the manner in which the primary product of this sector is defined in the document, the focus is mainly put on informative and less on the cultural function of television. Some general recommendations are provided that apply to all media, by emphasizing the function and the meaning of public service, " the state should provide sufficient support to the public media, because they have the longest tradition in creation of media culture and are an important part of the national culture in general (financing, assistance in the collection of the subscription tax, control of financial operations of private media, etc. .). [31]" Moreover, recommendations are provided related to the need of fostering cultural pluralism in the media sector: "there is a need of support and proper legislation to protect the quality of media contents; promotion of high achievements in culture, reduction of kitsch in the media sphere, domestic production of original media content, ... and coordination of regulations in the field of media activity with the one in one in the area of the creative industries."[32]

The strategic document of 2009 contains comprehensive general conclusions and guidelines, among which the following ones should be separated:

- Identification of the priorities in the area of creative industries as an integral part of the national policies on culture that are in synergy with the policies applied in the other areas.
- Monitoring the development of creative industries in the context of Macedonian society and their scope by sectors.
- Establishing mechanisms of financial support to the creative industries such as: favorable loans, tax exemptions and other subsidies;
- Supporting the creative industries to associate themselves in the Chamber of Commerce, trade unions and international professional associations.
- Defining and establishing of a methodology for the development of entrepreneurship in the creative industries, which is aimed at opening new and development of existing facilities with new jobs.
- Intensify the development of SMEs as a basic a form of creative industries operation.

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[30] Ibidem.
[31] Ibidem.
[32] Mapping of the creative industries in the Republic of Macedonia, July 2009. Available at: http://www.britishcouncil.mk/files/2012/11/KREATIVNI-INDUSTRII.pdf

- Competent institutions (State Statistics Bureau, Ministry of Culture, Ministry of Economy and others) to provide continuous monitoring and updating of data and evidence of the conditions in the area of creative industries.
- Establishing of a National Committee on creative industries as part of the Ministry of Culture in the Government of Macedonia, with an objective to monitor conditions and offer solutions on the open issues in the further development of creative industries in Macedonia.

As part of the National Strategy on Culture for the period 2013-2017, in the fundamental tenets upon which cultural policy should be developed, there is an emphasis on the need to "create a social environment that will enable implementation of new technologies in the field of culture and arts and stimulation of the development of *creative industries,* cultural management and marketing and private initiatives."[33] The national interest in the field of culture is defined very broadly in this document, including "*artistic creation* which includes: literature, publishing, painting, sculpture, music, theater, film, ballet and modern dance, and *cultural heritage* which includes: static cultural heritage, movable heritage - library, museum and activities for protection of audiovisual goods and spiritual cultural heritage." [34]

Creative industries and media have a special place in the National Strategy on Culture. In the basic provisions (point 2.6) it is emphasized that “the modern technologies and creative industries…encourage the development of a modern culture, especially in the area of applied arts and creative practices, in the direction of recognizing economic, production and profit dimension of culture.” Furthermore, the Strategy emphasizes (point 2.12) that the “media are a key actor in cultural education of citizens and they substantially participate in development of cultural setting…[therefore it is necessary]….to create domestic production which will both promote national authors and reproduction workers and will contribute to meeting the needs of all consumers.”[35]

In the specific strategic objectives for development of culture in the period from 2013 to 2017 we should separate those related to encouraging the development of creative audiovisual industries: protection of audiovisual goods (section 4.4); cultivating linguistic heritage and language culture (section 4.6); and development of cinema and cinematic activity (section 4.11). In the context of this analysis, it is important to cite the objectives relating to the development of cinema and cinematic activity, because domestic television production is included in this objective:

- Continuous provision of sources for film production;

[33] National Strategy on Culture. Available at: http://www.kultura.gov.mk/index.php/component/content/category/60
[34] Национална стратегија за културата. Достапно на: http://www.kultura.gov.mk/index.php/component/content/category/60
[35] Ibidem.

- Development of a modern recognizable film expression in the film production of the Republic of Macedonia;
- Establishment of a technical base for production and post-production, as well as affirmation and development of the idea for establishment of a film studio;
- Encouragement of co-production with foreign cinematic producers;
- Attracting foreign investments in film and television production in the country through tax incentive solutions;
- International promotion of filmmaking of the Republic of Macedonia by attending film festivals;
- Support of programs for import and presentation of significant authors/ independent films from smaller cinematography;
- Creating a standard cinema network with art - film program at the centers of culture through their adaptation for screenings of art films and their gradual digitization;
- Affirmation of co-production role of MRT in home cinema production, and of the other independent productions for television broadcasting;
- Affirmation of the idea to establish Institute of film, which will unite all relevant institutions that work on different aspects of the audiovisual activity;
- Stimulation of education in the area of deficient film staff in the country in all forms of mainstream education, and by developing models of cooperation among higher education institutions and productions in this area;
- Development of amateur, alternative and experimental cinema by supporting relevant organizations and original authors' projects.
- Encourage local government for affirmative contribution to the realization of film projects.
- Modernization of legislation on audiovisual activities by adopting a new regulation for audiovisual activities, amendments and annexes to the Law on the Film Fund of the Republic of Macedonia, in particular in the financing and introducing of licenses for producers.

On June 20, 2012, in partnership with the British Council, the Ministry of Culture organized a Forum for creative industries, where experiences from the development of creative industries in the UK were presented. Various technological trends in the media sector in the UK were presented at the forum by Frank Boyd (founder of Artek lab for digital media and Director of the Network for the transfer of knowledge on the creative industries). A memorandum of cooperation in creative industries was signed among the Ministry of Culture, Ministry of Economy, Ministry of Finance, Ministry of Information Society and Administration, the City of Skopje, the Secretariat for Implementation of the Framework Agreement, the State Office of Industrial Property, the University "Ss. Cyril and Methodius "- Skopje, British Council, Goethe - Institute Liaison Office - Skopje and the Union of chambers of commerce of Macedonia.

A National Committee for the Creative Industries was established at the Ministry of Culture in June 2012, with an objective to offer guidelines, solutions and advices for faster and more efficient development of the creative industries in the Republic of Macedonia. This Committee will assess, evaluate and select the projects to be financed at the competition for support and development of creative industries in 2013. The first call for financing of projects in the area of creative industries was published in February 2013.

In cooperation with the NESTA organization from Great Britain, the Ministry of Culture organized training on creative entrepreneurship in the sector of information technology, industry for development of software and video-games for different groups of representatives in the creative sector of the Republic of Macedonia, in June 2013.

Film industry

Legal framework and policies

The film industry in the country has been governed by the Law on Culture ("Official Gazette" no. 31/98, 49/03, 82/05, 24/07, 116/10, 47/2011, 51/11; 136/12 and 23/13), by the Law on Film Fund of the Republic of Macedonia ("Official Gazette" no. 70/06, 92/08, 36/11, 136/11 and 136/12) and the Law on Audiovisual Goods ("Official Gazette" no. 103/08, 47/11 and 51/11).

The division of the activity in different laws points out to the conclusion that the regulation of this activity in three laws may create doubts in the implementation and this may have negative implications in the practice. According to the explanation of the initiator this was a motive for adopting a new law on film activity whose implementation will start on 1 January 2014. Namely, the practice shows that the solutions in the laws regarding audiovisual or film industry are not sufficient for further development of this field, which is not treated only as a culture, but it is also directly related to the economic activities in the country.

The intention of the legislator to improve the legal framework in the film industry is illustrated by the opinion of the representative of the Film Fund: "The new law actually changed a lot of things. The base is to cover the whole area, because current regulations have never regulated cinema projections and the distribution of films. To this day it is unknown which movies are imported, which ones are shown in cinema, to which age they are intended for ... Simply, no one knows how many and which movies are distributed in Macedonia, how many viewers have seen the movies, not any official information can be found, because no one is doing it." The new law now provides that the Film Fund will take record of films, each film must be registered and get ratings, i.e. there will be evidence on the age limit of the audience and on many other issues. [36]

Despite these arguments for the adoption of the new law, the Film Fund of the Republic of Macedonia noted problems with the collection of legally determined fees, which despite the budget, should be an important source of funding for the realization of film projects of national importance in the country.

One of the most important developments in the law, among other things, is the establishment of the Film Agency in Macedonia, replacing the outgoing Film Fund. The new Law on Film Activity regulates the movie business, establishment, operation, management, administration, financing, oversight and other issues related to the Film Agency in the Republic of Macedonia. The text of the Law states the following responsibilities of the Film Agency in Macedonia:

- Financing of projects of national interest in the film activity;
- Fundraising for projects of national interest in the film industry;
- Proposing and implementing a strategy for the film industry;
- Encouraging the development of domestic film scenarios;
- Support for implementation of international film co-productions in compliance with the international agreements ratified in this area;
- Establishing of an international cooperation with institutions, festivals and other organizations of the film industry and presentation of the Republic of Macedonia
- Encouraging of investments in the film industry in the country in accordance with the law;
- Cooperation with the associations in the area of film industry;
- Evidence of film producers, film distributers and cinemas in the Republic of Macedonia;
- Evidence of the recorded films financed with sources from the Budget of the Republic of Macedonia;
- Evidence of films distributed in the cinemas in the country;
- Evidence of films recorded in Macedonia;
- Issues a proper certificate upon request of film producers, distributors and cinemas;
- Control over the intended use of funds granted by the Agency; and
- Submits annual report about its work once a year to the Ministry of Culture and the Government of the Republic of Macedonia, with financial indicators and published the report at the web site of the Agency.

[36] Interview with Darko Basevski, Director of the Film Fund of the Republic of Macedonia, conducted on June 3 2013.

The Law on Film Activity, despite issues related to the work of Film Agency, contains provisions that define the film industry, define the terms: film, film producer, film projects, domestic and foreign film, film coproduction, distribution of movies, cinema projects and the like. Furthermore, it is determined which entities pay fees, distribution is regulated, cinema projections, categorization of films in terms of protection of minors. The Law also introduces more incentives to encourage filmmaking in the country, both for domestic and foreign producers: increases the maximum amount of funding for major film projects, provides a return on invested assets, i.e. 20% of actual gross eligible costs incurred in the Republic of Macedonia.

In the context of the legal framework and policies, it is inevitable to mention solving of the longstanding problem with Vardar film, which was founded in 1947 and was the only Macedonian film producer that produced notable films over four decades. Namely, with the decision by the Government of the Republic of Macedonia, the Film Center "Vardar Film - Skopje" was closed down after 13 years of operating problems and the National Institution "Vardar Film Film Center - Macedonia" was established instead, which will mediate the distribution of Macedonian films in the world, organize events and forums to promote the film culture, will have jurisdiction for collection, care and management of the fundus of costumes, props and scenery.

Indicators for the film industry

The absence of reliable indicators of the state in which the film industry operates is a large deficiency for a proper in-depth analysis of this business and for a comparison of the situation in Macedonia. This is anticipated with the new law and identified as one of the duties of the Film Agency. This was indicated by many of the interviewed producers, and the representatives of the institutions also pointed out to the inability to obtain reliable comparative data on the situation in the film industry in the country. Some data can still be obtained indirectly through some analyses of European and other institutions in order to obtain at least some knowledge of the business.

Despite the problems and consequences of the global economic crisis, members of the European Union, through the MEDIA program and the Eurimages Fund, allocated a significant amount of funds for financing, manufacturing, distribution, cinema projection, storage and promotion of audiovisual works, or the amount of approximately two billion Euros (2 097 608 767 EUR) in 2009. If this is compared to 2005, when the amount was 1.2 billion Euros (1,231,646,055 EUR), it can be concluded that this industry in the European Union grew by 170.31% for a period of four years.

In order to comparatively view the position of the film industry in the country, it is more appropriate to compare the indicators of this activity in the smaller countries of the European Union and the candidates for EU integration, i.e. countries with a total population of about 5 million residents and of the neighboring countries where socio-cultural conditions and the level of economic development are similar to those in Macedonia.

From the data available it can be seen that in Macedonia the total assets invested in the audiovisual industry in 2009 amounted to 2,086,884 Euros, which as an absolute amount of funds in the audiovisual industry is higher than in Albania and Lithuania. The other countries taken for comparison in 2009 have significantly higher absolute amounts of assets invested in the audiovisual industry, among them being Denmark with 58,517,470 Euros and Norway with 72,631,587 Euros.

Unlike the Republic of Macedonia where the amount of total assets in the audiovisual industry refers to money set aside from the budget, in countries with higher investments in this sector, apart from the state budget, they originate from other sources such as local authorities, financial obligations of broadcasters towards the country, as result of sale or by financial revenues generated by the producers companies, loans, fee from tickets for cinema, national lottery funds, private investments and more.

No.	State	No of population in 2009	GDP by citizen in 2009	Total amount of assets for the audiovisual industry in 2009
1	Albania	3 195 000	-	1 005 131 €
2	Bulgaria	7 563 710	10 300 €	6 247 482 €
3	Denmark	5 534 738	28 900 €	58 517 470 €
4	Estonia	1 340 127	14 900 €	5 126 992 €
5	Ireland	4 467 854	30 000 €	28 414 692 €
6	Iceland	317 630	27 700 €	3 826 866 €
7	Letonia	2 248 374	12 000 €	8 592 446 €
8	Lithuania	3 329 039	12 800 €	628 947 €
9	Luxemburg	502 066	62 500 €	17 740 095 €
10	**Macedonia**	**2 052 722**	**8 500 €**	**2 086 884 €**
11	Norway	4 858 199	41 200 €	72 631 587 €
12	Slovakia	5 424 925	17 000 €	7 463 000 €
13	Slovenia	2 046 976	20 500 €	4 395 246 €
14	Finland	5 351 427	27 000 €	28 948 977 €
15	Croatia	4 425 747	14 900 €	6 041 650 €

Source of data: Database of the European Audiovisual Observatory[37].

The provisions of the new Law on the Film Industry, which anticipates the possibility of fiscal benefits for film production, can be estimated as approaching of the Republic of Macedonia to the model of European countries that have decided to support the industrial development of the film industry. Such measures to encourage investment in the

[37] Available at: http://korda.obs.coe.int/

domestic film industry and film services export have been adopted in several neighboring countries (Hungary, Romania, Serbia and Bulgaria), and their experience shows that these measures have led to significant results in the development of the activity. However, this measure cannot be expected that to become operational itself, especially given the already established competitive positions in the neighboring countries. Therefore, it must be accompanied by a coordinated promotion of Macedonia as a destination for shooting, especially at specialized fairs for locations, as well as with an establishment of a specialized film entity which will provide information and logistical support in order to attract as many audiovisual productions in Macedonia as possible.

Views and perceptions of the film industry representatives

The absence of a strategy for the film industry, the lack of measures to stimulate continuous film production, insufficient distribution of films in the network for films projection and the underdeveloped film audiences are the main elements that, according to the interviewed representatives of the film industry, has prevented more dynamic development of the activity.

- As one of the most serious weaknesses in the recent development of the audiovisual industry *the lack of a strategy for development of the audiovisual industry* was identified: "We do not have a strategy on film activity for 20 years now, and Macedonia continuously produces either short or documentary and featured film that will win some award. And, at the same time, some other countries that are not financially in a better position, or they are financially better off and the number of citizens is not so large, positioned themselves much better. Such an example is Israel, which in the last 7-8 years, produces 3 to 4 films annually, which are noticed at the large film festivals, Berlin, Cannes or Venice. This is also a case with Romania which did the same 6 years ago. This means that a good strategy is needed." [38]

- The lack of Strategy, but also the lack of a comprehensive system in which each institution or an entity has an important role brings to a situation where in Macedonia the production of good movies is only an incidental event. It is not sufficient to only have a legal regulation, but it is also important for it to be a result of a planned and long-term cultural policy in the film industry, so that it is not left in the hands of the authorities to decide whether they will increase the film budget. "The film industry should get the shape of a conglomerate of institutions that work synchronized and this is a system, and it should be consisted of people who are educated. We do not have a good staff and we do not have a good system ... we do not either have a good education in the area of film and we

[38] Interview with a film producer from Macedonia (Dream Factory), conducted on May 27th 2013.

also have deficient film professions. We spend a great deal of money to rent equipment and people from abroad." [39]

- The adoption of a designed strategy for film activity development would mean that it would be clear what is the investment in advance: “We need a strategy for at least five years in advance to know what movies will be made, so that I, as a producer, would know where to go, what movies should I look for, where to focus my attention. I should know what kind of authors I would demand for the next five years, what kind of scenarios I will write. There are attempts for this, but limited ones ... Much can be done, but we lack a strategy." [40]

  The new Law on Film Activity recognizes this deficiency and provides the Film Agency the opportunity to propose and implement a strategy for the film industry. This commitment is a step forward from the current situation, although in logical terms it is first necessary to adopt a strategy to lay the foundation of the legislation, and not vice versa. The second possible threat to this legal provision is the possibility for it to obtain a formal nature only and no substantial implementation, as was the case with the first Strategy for Development of the Broadcasting Activity (2007-2012).

- A positive step for the image of the Macedonian film industry was made in the area of *providing services in the film industry*. The part of the production services is an area that has flourished and where more successful examples can be located. Several of the producers interviewed pointed out to few examples: the study FX3X and FAMES, which are described in more detail at the end of the study.

- The past negligence of the film distribution in the legislation led to a lack of *film screenings,* which is largely due to the lack of space for cinema display. With the process of privatization and denationalization, the cinemas in Macedonia largely stalled, and this has caused reduced distribution of films, with very large impact on film culture of entire generations of audiences. This deficiency cannot be compensated by the several film festivals and the quality selection of movies. Also, there is an indifference among televisions to display domestic production and take part in it. It certainly reflects the interest of viewership for domestic art films, but also for films originating from European countries.

- The revival of former cinemas and the opening of new ones is still reduced to isolated cases. In Macedonia, beside in Skopje, there are usable cinemas only in

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[39] Interview with a film director, conducted on June 19th 2013.
[40] Interview with a film producer (Vidik) conducted on June 20th 2013.

Gostivar, Bitola, Ohrid, Gevgelija, Berovo and Strumica. The opening of the multiplex cinema in Skopje last year is worth mentioning, which has proved to be extremely good commercial move, but in this case it should be noted that the repertoire policy of the multiplex cinema is of commercial nature and is dominated of pieces from the U.S. film industry.

- *The limited public access to movies in Macedonian language and to European works* is indicated as a direct reason for the negative development of the audiovisual industry in the past period. The reasons for this situation, are mostly related to the previously described situation of lack of proper infrastructure for cinema display and financial resources for its development, the reduced purchasing power and standard of the population, the larger and more attractive offer of the U.S. commercial film production, but also the unfair competition of the televisions, in particular in relation to the broadcasting of works with unregulated copyright etc.

- Due to the limitations at the domestic market, and due to several other circumstanced, *the Macedonian film industry is dependent on public sources of financing and this would probably continue in the future*. This is a dominant viewpoint exposed by the producers interviewed. It is assessed that this situation is not bad itself if there are high criteria on the production of quality movies. The role of the funds of financing should not be neglected i.e. the role of the budget, however there should be some other alternative sources that would contribute to the revival of production.

- In accordance with several viewpoints, *the budget/fund financing of film productions can be successful if the following shortages are overcome*: regulation of the maximum deadlines for implementation of the production phases, removal of barriers that could lead to blocking of sources and inability to plan, setting up of strict criteria for establishment of art committees that would limit the conflict of interest and the possibility for corruption, limitation of the access to financing of production companies that have not fulfilled their liabilities upon the agreement, which in a situation of a relatively easy access of new trade actors enables an easy avoidance of the legal restrictions, as well as overcoming of the recent lack of legal responsibility on the amount for project financing.

- The introduction of the *law provision to recover part of the cost for production in the film fund* is a good incentive for the development of film production, but it should be accompanied by reduced insurance rates for the productions. These conditions must be clearly promoted in countries with a larger volume of film production. The success of these measures also depends on the development of the country's infrastructure, such as roads and accommodation, providing of specialized technical and artistic staff in the industry and competitive prices for hiring equipment and services with the prices at the international market.

- It was noted in the interviews that *there are no specialized professionals for many film positions, and the need for new quality scripts and scriptwriters was particularly emphasized*. Improving the education of personnel for the film industry is inevitable prerequisite for development of the industry and also preparation of the general public through general film education, which lacks at this point.

- Some of the interviewed producers pointed out to the idea for stimulation of producers to take part at workshops for projects development and at the markets – fairs for projects and they also indicated to the insufficient knowledge, particularly about the European mechanisms for financing and the insufficient knowledge among the staff that would be able to follow the technical criteria for project development in accordance with the European requirements.

Television industry

Regulatory and strategic framework

Television industry as part of the audiovisual sector plays a very important role in the preservation of cultural pluralism and diversity in the economic development of a country. A consistent cultural and media policy in the television sector can provide strong support to the development of the television industry by motivating artists to express their creativity and create new works at the domestic audiovisual media market.

In the current Law on Broadcasting Activity from 2005 there are several key mechanisms integrated for accomplishment of the cultural policy that is intended at preserving cultural diversity and strengthening of the audiovisual industry. For instance, TV broadcasters are obliged to present different cultures in the Macedonian society and preserve the cultural identity by several legal provisions:

- The law states that one of its main objectives is to encourage, promote and protect cultural identity, encourage the development of creativity, language and traditions in the area of broadcasting (Article 2);

- One of the general programming principles is openness of programs expressing various cultures that are part of the society and the preservation and fostering of national identity, language culture and domestic production (Article 68);
- TV broadcasters are obliged to allocate at least 30% of programme originally created in Macedonian language or in the languages of the non-majority communities living in the Republic of Macedonia (article 74);
- Television stations are obliged to broadcast the programme in Macedonian language and in the cases when the programme is intended for a community that is not majority in the language of that respective community (article 82);
- For the public interest, Macedonian Radio Television is committed to provide its programs to reflect different ideas, to foster cultural identity of communities, to respect cultural and religious differences and to encourage a culture of public dialogue, in order to strengthen mutual understanding and tolerance for promotion of inter-community relations in multiethnic and multicultural environment; to nurture and develop the speech and language standards for all communities in the country, to nurture, encourage and develop all forms of domestic audiovisual works that contribute to development of Macedonian culture and contribute to international promotion of Macedonian cultural identity (Article 121);
- Public television is obliged to broadcast (on every television program service), between 18:00 and 22:00, at least 40% programme (of the total annual broadcasting time) originally created in Macedonian language or languages of the minority communities (Article 124);
- The public broadcaster shall also allocate at least 10% of annual funds for the production of television programs to purchase program by independent producers from the Republic of Macedonia (Article 125);
- Commercial televisions on national level are obliged to provide representation of European audiovisual works in their programmes with at least 51% of the entire broadcasted programme on annual level[41] (article 73);
- Public TV broadcaster is obliged to broadcast (at each TV programme service) at least 60% of European audiovisual works, out of the total time for annual broadcasting (article 123).

There were attempts in the last decade in Macedonia to define comprehensive audiovisual policy aimed at preserving cultural diversity and strengthening the television industry as part of the overall economy. The first strategy document was adopted in 2007 where the economic parameters of the television sector were measured as a segment of the Macedonian economy and measures were proposed for its strengthening and

[41] Based on the definition set forth in the Directive on Audiovisual Media services, news, sport events, games, advertising, teleshopping and tele-text services are not considered *European audiovisual works.*

development.[42] However, this first strategic document was later not appropriately applied in practice by the regulator itself, so that the largest portion of its strategic objectives has remained only on paper. What remained as a positive practice after the adoption of the first strategy is that the regulator continuously collects data and conducts market analysis based on which useful information about the size and structure of the television industry in Macedonia and its potential to contribute to the overall economic development can be extracted.

In early 2013, the Broadcasting Council adopted a new strategic document for development of activities for the next five years, which include general strategic provisions for the preservation of cultural pluralism and diversity in the area of broadcasting.

Present situation and indicators for the TV industry

The strategic document of the Law on Broadcasting from 2013 emphasizes itself that "…despite the large number of media there is a need to increase diversity and quality of programme offer."[43] This equally refers to the public and commercial sector.

It is concluded for the MRTV that "…basically there is a genre diversity", but also there is a "need for further increasing of the Macedonian film production (owned, co-production, ordered, purchased)"[44]. In relation to the responsibility to foster the cultural identity of communities and respect for cultural and religious diversity it is emphasized that MRT should "... build an approach that will be common to all radio and TV programme services, offered by MRT."[45] In 2010 and 2011, the Broadcasting Council conducted analyses of the weekly programme of the Macedonian television in which, among other things, it was analyzed to what extent the public television fosters audiovisual works, or how many domestic audiovisual programs were broadcasted. The 2011 analysis emphasizes that "compared to…2010, when a small volume of audiovisual works from domestic production were broadcasted, in general archived materials, often many decades old, the results of this analysis show that the MTV makes a positive step ahead in relation to the broadcasting of domestic audiovisual works, first of all documentary ones, implemented in 2011. In terms of featured programme, MTV could modestly highlight the cases of new episodes of the series Macedonian folk stories, also recorded in 2011"[46] Unfortunately, it cannot be confirmed if the Macedonian Television

[42] Strategy for Development of the Broadcasting Activity 2007-2012. Available at: http://www.srd.org.mk/index.php?option=com_content&view=article&id=558&Itemid=354&lang=mk
[43] Draft – Strategy for the Broadcasting Activity in Macedonia for the period 2013-2017, page.7. Available at: http://www.srd.org.mk/index.php?option=com_content&view=article&id=558&Itemid=354&lang=mk
[44] Draft –Strategy for Development of the Broadcasting Activity in Macedonia for the period 2013-2017, page.21.
[45] Ibidem.
[46] Analysis of TV programme services of the public broadcaster MRT (October3-9 2011) Available at: http://www.srd.org.mk/index.php?option=com_content&view=article&id=560&Itemid=356&lang=mk

continue following this positive trend in 2012 and 2013 because the Broadcasting Council did not continue analyzing the programmes in the next years.

In the past few years MRT began to strengthen its production and to produce new domestic audiovisual content with different genre structure. Some of the items are produced independently and part by independent producers, but under the editorial control of the public service. Such examples are the feature film series "Hardcore", the new episodes of the series "Macedonian folk tales" as well as several historical documentary series "Macedonia through the history", "Macedonia under Ottoman rule", "Macedonia through antique", "Sworn of Macedonia", "A century-old persecution" and others. Also, for the fulfillment of its obligation to broadcast various programs by genre for all sections of the audience, MRT has announced the introduction of another television channel in Macedonian language (third channel), following the adoption of the new Law on Audiovisual Media.

The TV offer of the commercial sector has a very similar genre structure in which featured programme dominates, and there is a “lack of programmes from domestic production, primarily featured and programme aimed for children, and shows that meet the educational function are minimized.”[47]

In the practice, for two decades behind, the television industry in Macedonia is facing structural weaknesses due to various factors: long market fragmentation, non-profitability of most of the television actors, weak public services in financial and production terms, low quality of programs, lack of new domestic audiovisual production and domination of works of foreign origin, etc.

The analysis of the broadcasting market in 2012 clearly reflects these structural weaknesses of the TV industry due to which its potential for production of new domestic audiovisual production is significantly reduced and this production contributes to cultural diversity and fostering of the cultural identity:

- Fragmentation of the TV industry is seen in the fact that in 2012 there were a large number of TV stations at the market (a total of 69), although six satellite, one regional and two local televisions lost their license the same year;

- After several years of crisis, in the last three years (2010, 2011 and 2012) the public service broadcaster operated in a financially stable manner, because the efforts to establish a regular collection of the broadcasting tax started bringing results. Still, the structure of expenses in 2011 shows that the investments in MTV in the production of new domestic (featured) audiovisual production are very small, i.e. most of the direct expenses for production of a programme were spent

[47] Ibidem.

to purchase a programme (55,67%), as well as for salaries and other types of compensation to persons directly involved in the programme production (23,37%)[48];

- The financial indicators for the commercial sector indicate that most of the revenues from advertising flow into the terrestrial televisions on state level (8,48%), which means that this segment only could have a potential to create a new domestic audiovisual production. However, despite that half of the expenses (63,14%) of the five TVs were direct costs for programme production, the structure of their costs shows that they mostly invested into purchasing of rights to broadcast a foreign programme[49].

- The six television stations that broadcast via satellite and which reach the Macedonian audience through any of the communication networks (IPTV, DTT or cable) are a weaker television sector in terms of financial results. Thus, although some of them contribute to the overall pluralistic media picture in the country, still in view of the possibility of creating a new domestic production they have less potential. An exception of this is somewhat Alfa TV which is the largest entity in the sector and which since its establishment was oriented towards creating new own production (music, documentary, entertainment, etc.) [50].

- Third TV sector according to the territorial coverage are the nine TV stations on regional level (in the area of Skopje). In the last three years, the total revenues of these stations decrease, which indicates itself that there is no potential for creation of a new production of domestic origin in this sector. This is supplemented by the information that the direct expenses for production of a programme participate with only 26,38% of the total expenses[51]. The share of this sector in the total revenues of advertising in 2012 is 2,16%.

- The local TV stations in 2012 were a total of 47 and they, as a sector, attracted a total of 8,48% of the total sources generated from advertisements. But, taking into consideration that the number of this entities is big, these sources are insufficient

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[48] Analysis of the broadcasting market in 2012, page 5 Available at: http://www.srd.org.mk/index.php?option=com_content&view=article&id=559&Itemid=355&lang=mk

[49] Kanal 5 TV allocated 143,75 million denars to purchase a programme, Sitel TV 125,83 million dennars, Telma TV 43,67 million denars, and the TV Alsat – M spent only 30,19 million denars, See: Analysis of the broadcasting market in 2012, Broadcasting Council, page 22, Available at: http://www.srd.org.mk/index.php?option=com_content&view=article&id=559&Itemid=355&lang=mk

[50] However, this TV station recorded loss in 2012, probably due to the high expenses aimed for salaries and other types of compensation related to the production of a programme (36,30% or 50,20 million denars).

[51] Analysis of the broadcasting market in 2012, page 45.

for each of the TV stations to strengthen its production and technical capacity to be able to create an audiovisual programme of sustainable value.

- The average number of employees in full time employment in all televisions in 2012 was 1,501 persons, out of whom 597 in the Macedonian Television. This means that the total number of employees engaged in the television industry in Macedonia is still relatively small compared to other economic sectors.

Viewpoints and attitudes of representatives of the TV industry

Several issues and weaknesses that define the present situation in the TV industry were emphasized in ten interviews implemented with representatives of the TV sector:

(1) For many years now in the area of electronic media there is a "…*hyper-competition and non-compliance with the rules at the free market*" [52]. The liberalization of the media sector was not a result of a planned media policy, but rather as result of the chaotic development of the activity. In practice this meant lack of strongly built criteria for entry of professional and serious competitors in the market, but leaving the business of media to powerful persons and other individuals who for various motives had only ambition to become owners of media and use the media to influence or achieve some interests. The excessive market competition influenced the continuing decline in the quality of the program that is broadcasted by the domestic televisions: "Many broadcasters financially and politically abused the media space and they uninterruptedly broadcast inappropriate content, from pornography to hate speech." [53]

(2) *The lack of new domestic audiovisual production* is result of the difficult conditions at the market and the fact that the private media try to earn in maximum terms and reduce the costs to minimum. "If the regulation in the media sphere does not require respect of standards, the media, led by the economic principles at the market, will strive to decrease expenses and increase revenues of programmes that attract the wide spectrum of the audience"[54]. These programmes are mostly cheap featured series of foreign origin which bring a large number of audience in the prime time of the TV stations.

(3) *There is especially a lack of production of contents that would express the local diversity*, because the situation of local TV stations is very bad. This especially refers to the media aimed for the smaller cultural communities that get a very

[52] Interview with the Director of regional TV stations Tera from Bitola, conducted on July 20th 2013.
[53] Ibidem.
[54] Ibidem.

small part of the sources for advertising since their audience is non-attractive to the advertisers[55]. Most of the sources for advertising are allocated for the TV stations on state level and there are even discussions that the share of particular TV stations in the advertising amount exceeds their share in the total number of audience. This disproportion is explained by the local broadcasters with the “will of the advertisers to channel their message through the media that have a stable mass audience, thus making hundred of small media totally unattractive to the advertisers.” [56] This means that only couples of TV stations on state level work positively in financial terms, while those on regional and local level keep their expenses on the lowest level possible and do not invest at all in the production of their own programme.

(4) *The role of media policy and regulatory framework* is extremely important because it "... can either promote or obstruct media independence and economic efficiency." The basis of a serious and responsible media policy is "to recognize and establish a delicate balance between media pluralism and free markets."[57] Hence, to bring positive changes in the current media policy, it is necessary to ensure: compliance with the legal provisions on fair competition, respect for the rules of loyalty in advertising established in the sector itself and regulatory control of business activities of the actors in the television industry with an objective to raise professional standards.

(5) Among the audience in Macedonia, most popular in the last two-three years are the featured series of Turkish origin and the commercial TV stations “follow that pressure at the market,…what the audience wants to see.” [58] Part of the TV stations on state level tried to *make investments in their own featured production* which would be attractive for the domestic audience. Famous examples are the TV Kanal 5[59], Sitel TV and Alsat M. [60] According to some media professionals interviewed, the initiative by the new law on audiovisual media to find a way to stimulate (subsidize) domestic audiovisual film production can really give the commercial TV stations an incentive to produce and broadcast a larger scale home production.

(6) The phenomena of *audience segmentation along language lines* is recognizible in Macedonia. TV stations that broadcast in Albanian language have smaller

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[55] Interview with editor in a TV station on local level, conducted on July 17th 2013.
[56] Ibidem.
[57] Interview with the Director of the regional TV station Tera from Bitola, conducted on July 20th 2013.
[58] Interview with Bisera Jordanovska, Director of Alsat M TV, conducted on July 12 2013.
[59] Kanal 5 broadcasts its first humoristic series „*Adventures of Itar Pejo*“ and in the moment it works on another short humoristic project. Interview with Ivan Mircevski, Director of Kanal 5, conducted on September 13 2013.
[60] Famous series on Sitel TV is “*From today for tomorrow*“, and on Alsat M TV the humoristic show “*Hotel Mihane*”.

audience from the TV stations in Macedonian language because the Macedonian viewers most often do not understand the Albanian language. This complicates the situation of the media of the ethnic communities at the market, even on state level, because advertisers know that their ads always reach limited part of the audience. On the other hand, for some of these media (Alsat M) there is a possibility of penetration of the regional market because their programs are seen in Kosovo and Albania. [61] However, although these television programs are seen in the region, the advertisers whose products are consumed in neighboring countries are not interested in broadcasting commercials intended for that audience.

(7) *The advertising market in Macedonia works with many anomalies* and it reflects the capacity of actors in the television industry. For example, many advertisers are not interested in actual indicators for the ratings and the structure and consumer habits of the audience, but they want to advertise in specific films or series that they like. The allocation of advertising budgets is not always done according to the indicators for the viewership i.e. it does not correspond to the actual picture of the market. This means that even when there is quality own production, it is not likely that advertisers would like to advertise in it. An example is a series of Alsat M "Hotel Mihane" which amounted ratings as the Turkish series, but advertisers do not like to advertise in it.

Video – games and multimedia

Present situation

The industry of video games and multimedia is an important part of the creative audiovisual industries and it could be said that this sector belongs to the so-called "cross-media" or "trans-media". These terms, cross-media or trans-media, are terms that unite both areas and are used as synonyms in recent times, and they are used to explain an entire process that involves distribution of a variety of content (music, text, images, video etc.) through different media. They are commonly used to denote a combination among the media such as: television, newspapers/magazines, mobile devices and the Internet. According to Nicoletta Jakobachi[62], cross-media and trans-media are very similar and they are largely overlapping, but it is essential for both terms that more media are used to tell stories in different ways.

[61] For instance, the children show „5+“ at Alsat M and many other contents of this TV are popular among the audience in Kosovo.

[62] Nicoletta Iacobacci (http://www.lunchoverip.com/2008/05/from-crossmedia.html). More on the use of terms at http://convergenceishere.weebly.com/storyworlds.html и http://www.stevepeters.org/2011/05/18/what-the-hell-is-transmedia/

More specifically, when we talk about multimedia in our case, we think of multimedia applications, i.e. computer programmed contents, adapted for simultaneous processing and for presentation of multimedia data, among which video – games often being included.

This part of the creative industry, although being younger than the previous ones, marks a great and significant progress worldwide and the situation in Macedonia is similar.

The industry of video games is a complex blend of many different areas of creative and IT industries. So, it is dual by its nature, part of which belongs to the IT sector, and at the same time, which is also no less important, to the creative industry. There are no limits for the products and services of the industry, and this is also confirmed in Macedonia where companies of this sector are dominantly export oriented, i.e. towards the global market. Worldwide revenues from games for personal computers tend to grow and it is expected that they would exceed 25 billion dollars in 2017 from 20 billion of income recorded in 2012, while it is expected that global revenues from online games will reach 35 billion by 2017, compared with $ 19 billion of revenues recorded in 2012[63]. The industry of video games is proving as an excellent business opportunity for smaller countries such as Macedonia. But still, this is an industry with high competition and it needs a good strategy for success, experts familiar with the "gaming" market in Macedonia say.

The analysis that was conducted by the team at the UNESCO Char identified that there are 20 studies in Macedonia that work on development of video-games for almost all platforms. Some of them work and have already created their own products and some of them work for companies abroad (outsourcing). Second significant finding is that the Macedonian market possesses an exceptional potential in the area of video-games development. This industry marks a dynamic development in the last three – four years, which is proved with the increased number of Macedonian studios that develop author games and whose work is to position themselves at the foreign markets and among the foreign investors. However, there are individuals that cooperate with foreign companies. Additional proof is that, starting from last year, the worldwide famous Serbian company Nordeus, one of the fastest growing European companies in the field of computer games, opened a development center in Macedonia.

Since late last year the Macedonian Association to develop games – MAGDA[64] was established, which unites companies, studios, individuals, and enthusiasts that have developed or want to develop games.

[63] „DFC Intelligence Forecasts Worldwide Online Game Market to Reach $79 Billion by 2017“ http://www.prweb.com/releases/2013/6/prweb10796698.htm

[64] Some information on the activities of this association can be found at the following link: http://www.gamejam.mk/beta/index.php

It is specific for this sector that many of the companies launched and developed their business in incubators or by using an umbrella strategy. This kind of model for entrepreneurship development can be useful and applicable in other sectors of the creative industries. Namely, the Foundation for Youth Entrepreneurship Service (YES) or YES Incubator[65], which has established business incubators for support of micro, small and medium enterprises in the area of information – communication technologies through the process of business incubation, enables access to services aimed to speed up their development and progress.

Viewpoints and attitudes of the representatives in the sector of video – games and multimedia

Several dominant findings on the current situation in the industry could be extracted from the interviews conducted with the representatives of the industry of video – games and multimedia in Macedonia:

(1) The provision of services for other companies (outsourcing) currently dominates in the operation of this industry and it enables sustainability and profit, versus the author's products that have a higher potential for greater return of investments and for generating of a bigger profit. However, there are still less examples for this. The position taken by the Macedonian industry for video games and multimedia internationally may change the situation to a much better, but if there are copyright products. The overcoming of this situation would contribute to successful positioning of Macedonian companies. Given that the industry for developing of games has a perspective on the Macedonian market, in order to enable this it is needed to get a support from the so-called accelerators and funds that would support the development of its own products, because it is a lengthy process, which cannot succeed without sufficient funding and support.

(2) The market of video – games and multimedia is an international and the opportunities are not limited by the demand. However, on the side of human resources and domestic support of the companies in the creative sector we are still behind as a country. Some of the interviewed representatives of the industry emphasized that they have produced products for the Macedonian market as well: "…we have been working with clients from here, however we have always had problems with the payment"[66]

(3) In Macedonia, the industry of video games and multimedia works and develops games on all platforms: for mobile phones, Facebook, "motion detection" games,

[65] See more at: http://www.yesincubator.org.mk/Default.aspx?r=6&l=63&c=22
[66] From the interview conducted on June 15th with representative of the company "X3m".

Cloud gaming, i.e. demanding on demand. This is considered a good tendency, because the industry is very dynamic, the trends are constantly changing in faster manner and the Macedonian industry for games and multimedia adapts in a faster manner due to this specifics.

(4) There was a dominant opinion in the interviews that there is a lack of National strategy on development of the industry of video games and multimedia, which is needed and would contribute to establish the industry as a special cluster with a well developed infrastructure.

(5) As result of the interviews with the representatives of the industry for video games and multimedia it could be generalized that there is a need of "start up" centers, financially assisted by the state, and of activities for identification, training and mobilizing of a greater number of potential participants or students, even in the phase of education in organizations where young people would have the possibility to educate themselves and exchange knowledge before they start working professionally. This would provide a continuous flow of new staff of better quality in the industry: "People are the most expensive investment, the equipment is depreciated and people learn and become better and more valuable." [67]

(6) In order to improve the conditions in the industry, the state should consider and implement incentives for investors in domestic companies in the industry, especially for those who are making their own investment. In contrast, the situation in which foreign investors are desirable is a negative for the progress of domestic companies that do not have incentives for investment and growth. It is desirable that the state mediates for quality subsidized lending, and/or providing guarantees by the state.

[67] From the interview conducted on June 13th with the representative of the company "Kukja".

2 Conclusions and recommendations

- Initiatives have started to strengthen the creative industries in Macedonia. At the level of general policies, several strategic documents were adopted. But there is a lack of a strategic document where all areas of the audiovisual industry would be connected into a whole. A comprehensive strategy for the audiovisual area should take into account the technological development and convergence, overlapping of features of each part of the industry and the specifics of each segment as well.

- Although in recent years there were initiatives and efforts in the implementation of general policies for strengthening of the creative industries, there is an absence of linkage and joint activities of all relevant institutions whose activity may be directly or indirectly related to the stimulation of the development of creative industries. This especially applies to the audiovisual sector industries, where there is no ongoing initiative for inter-institutional connectivity and collaboration.

- Although there are strategic documents, the potential of creative industries is not yet recognized in the programs and activities of certain state institutions which have capacities and activities to encourage entrepreneurship in this sector. Their actions are dominantly aimed at strengthening SMEs in other business areas. It is positive that in these institutions (Ministry of Economy, Agency for Support of Entrepreneurship etc.) there is a great interest and willingness to take measures and actions specifically aimed for the creative audiovisual industries.

- In all three segments of the audiovisual industry there is a lack of strong chamber association. Although there are formal associations of broadcasting and film industry within the Chamber of Commerce, still their activities are limited. There is a need of chamber connecting of the entire audiovisual industry for the purposes of a technological development.

- There are positive experiences identified in the stimulation of the industry of video – games and multimedia, through the programmes of the PES incubator. There is a need of development of the existing and establishment of new “start – up” centers, subsidized by the state, in the area of video – games and multimedia and in other segments of the audiovisual productions, following their example.

- Within the general policies and measures to encourage entrepreneurship in Macedonia, there are incentives provided that apply to companies from the creative industries (support of cluster association, voucher system of counseling, competition for funding of projects in the area of creative industries etc.). But despite these measures, it is necessary to develop other incentives (especially fiscal) measures to develop domestic audiovisual production and exports of audiovisual services, as well as for copyright products in the field of video games and multimedia.

- The role of funds for financing of the audiovisual industry, primarily in film and television business, is unrivaled. It is positive that the Macedonian Radio Television began to apply its legal obligation to order the new audiovisual production. However, it is needed to find alternatives sources that will contribute to the revival of production and better led and transparent competition procedures.

- In the current national classification of industries, creative industries are not categorized as a separate sector and hence it is almost impossible to follow economic indicators by which their share in the total economy could be assessed. Certain indicators for the audiovisual industries can be found in the national statistical system, but it is difficult to determine their contribution to the development of the overall economy, as they are separated from the IT sector. It is necessary to consider the possibilities of introducing a system to monitor measurable statistical indicators for all creative industries, in particular for the audiovisual.

- It is expected to somewhat overcome the lack of data regarding the film industry with the new commitments of the future Film Agency that are stipulated in the Law on Film Activity, which will be applied from January 1, 2014. In the television sector there is a lack of details on the domestic production broadcasted in the television programs on national, regional and local level. The regulatory body should consider the possibility of introducing an obligation on broadcasters to deliver data on broadcasted domestic audiovisual works produced in Macedonian and the languages of the ethnic communities.

- There is a lack of film production, European and author's movies in the cinema display and in the TV broadcasting. It is required that activities are undertaken to improve conditions in distribution of films, renewal of existing and construction of new halls for cinema display and support of the development of film festivals primarily in favor of the distribution of domestic films, author movies and the European cinema. There is a legal obligation in the broadcasting activity for the televisions to broadcast a certain percentage of domestic audiovisual works and European origin. But it is necessary to monitor the implementation of these legal provisions.

- The current fragmentation of the television market activity was an objective obstacle to the development of cultural pluralism in the television sector. Broadcasters that wanted to invest in a new audiovisual production did not generate enough revenues, because funds from advertising were broke down for a large number of entities. In the future regulatory policy in the TV sector it is necessary to take account of creating a favorable environment that will encourage them to new production.

- The current situation in education shows that the needs of the audiovisual industries for different profiles of professional staff are not sufficiently met. It is necessary to promote educational programs and introduce new content aimed at empowering all the positions in audiovisual production. Educational institutions should also develop additional programs and projects for continued audiovisual media education which will create and nurture the audiences.

- European funds designed to encourage film and television production are not sufficiently used by Macedonian producers. There is a need of training to prepare professionals who will be able to follow the technical requirements and conditions for bidding on projects according to the European requirements.