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REGIONAL SWOT ANALYSIS
PRIMORJE - GORSKI KOTAR COUNTY

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Version 1





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1. Executive summary

@ PP 9 PRIMORJE - GORSKI KOTAR COUNTY & PP 10 MUNICIPALITY OF LOKVE

This document provides an analysis and evaluation of demographic and economic and other basic data in Primorje-Gorski Kotar County in connection to sectoral structure of creative industry.

Results in data analyzed show that the County is 5th largest one in whole Croatia and has a unique geostrategic position but is still underdeveloped, with a growing trend of investment in underdeveloped areas. The County marks significant depopulation and demographic ageing followed by high unemployment rates.

Creative industry (CI) sector development measures might help to reduce unemployment rates and help in development of the County. The CI sector is a new practice in the County area and the problem lies in inadequate tracking of the CI. The creative industry sector in the County is developed to a certain level through effort for preservation of authentic native speech, music and traditional expression, existence of various culture institutions, variety of artistic practices, cinematic activities, journalism, literature, music recording and record publishing, designer scene etc. Although there is a fairly strong cultural scene in the County, there are many areas that could be improved.

Efforts regarding revitalization, renewal and reuse of abandoned industrial heritage in Primorje-Gorski Kotar County will surely boost the sector development considering an important problem of inadequate work space in Creative Industries.



2. Introduction / Purpose of this document

The purpose of this document is to introduce the economic, demographic and other basic data related to Primorje-Gorski Kotar County and analyze the Creative Industries (CI) in the county in which the project partners PP9 (Primorje-Gorski Kotar County) and PP10 (Lokve Municipality) take place.

The final product of the analysis is a SWOT table that will show the current state of CI's in Primorje-Gorski Kotar County that takes into account the following four parameters: Strengths, Weaknesses, Opportunities and Threats.

The strengths are seen in the cultural heritage that is rooted deep in the communities of the County and the fact that there has been a significant rise in the Cultural Tourism development, all thanks to successful implementation of projects funded by the European Union.

The weaknesses are seen through the lack of administrative and managing personnel in the CI sector, which results in fewer investments in the sector and therefore making it almost impossible to broaden the market and sales of the sector products on an international level.

Regarding the opportunities, Primorje-Gorski Kotar County has a good number of existing industrial infrastructures that are appealing for further investments, through EU projects that are available. The unique geostrategic and tourist appealing position give the County a great potential for CI sector development.

As for the threats, the major existing problem is the population decline due to emigration. There's also the low purchase power of the citizens, high taxes and high prices of goods that make the investment in the sector very expensive.



3. Regional Analysis of Partner regions

3.1. Overview

Geological, geopolitical and demographic data of Primorje-Gorski Kotar County

Primorje-Gorski Kotar County is a local self-government unit situated in the western part of Croatia at the point where the Northern Adriatic meets the mountains of the North-West Croatia. The county covers the overall area of 3,588 km², which is 6.3 % of the total national territory of Croatia and with the sea surface of 4.344 km². The county is bordered in the north by the Republic of Slovenia, in the west with by the country of Istria, in the east by the Counties of Karlovac and Lika-Senj, and in the south-east, at the Gate of Kvarner, it has a naval border with Zadar County. The County also includes a state boundary located some 22 km south-west of the island of Susak. The Primorje-Gorski Kotar area is divided into three regions - the mountainous, the coastal and the island region. The island region, characterized by the Mediterranean climate, is made up of two groups of Kvarner islands: the western group with Cres, Lošinj and some smaller islands, and the eastern group with Krk, Rab and some uninhabited islands between them. Compared to its neighboring counties, Primorje-Gorski Kotar County encompasses a greater land mass than the combined land mass of the permanently inhabited islands of Krk, Cres, Lošinj and the islands of Lošinj's archipelago: Unije, Ilovik, Susak i Srakane. The largest of these islands are Krk and Cres - 405.8km² each, while Krk is twice the width, Cres is twice in length. The length of the coastline is 1,065 km, 133 km of which is coastline of the land and 932 km island's coastline, and there are 55 islands in this region. Primorje-Gorski Kotar County is unique due to its geostrategic position and natural diversity which includes islands, coastal and mountainous areas. There are few places in the world where one can with a glance embrace the sea and with another glance face the tame mountains.



Fig.1 - Regions of Republic of Croatia (Primorje-Gorski Kotar County is highlighted)



Fig.2 - Map of Primorje-Gorski Kotar County

According to the most recent census of 2011, Primorje-Gorski Kotar County has a population of 296.195. This is 6,9 % of the total Croatian population and is the fifth largest county in the Republic of Croatia (4.284,889) - after Zagreb (790.017), Split-Dalmatia County (454.798), Zagreb County (317,606) and Osijek-Baranja County (305.032). The population density of Primorje-Gorski Kotar County is 82.5 people per km², while the average population density for all of Croatia is 76 people per km². The city of Rijeka, Regional Capital of Primorje-Gorski Kotar County, has a population of 128.624 and is the third most populous city in the Republic of Croatia - after Zagreb (790.017) and Split (178.102). The least populated city in Primorje-Gorski Kotar County is Cres with a population of 2.879 and the least populated municipality is Brod Moravice with a population of 866.

In terms of administrative activities, Primorje-Gorski Kotar County has 36 local self-government units, 14 cities, 22 municipalities and 510 settlements. A significant national and international role of this county throughout Europe is how it connects Central and Eastern Europe via the Danube River and the Adriatic Sea. Owing to its excellent geostrategic position, that provides the final and shortest maritime route between the Far East and Europe makes the country especially important. Rijeka, as the hub of the Primorje-Gorski Kotar County, is also a social, economic, transport, cultural, educational and political hub in the region and the largest sea port in Croatia.

The area of Primorje-Gorski Kotar County is statistically underdeveloped. The built-up areas cover only 4,2 % of the total area. The built-up areas per micro regions vary. The littoral zone and islands are more built-up than the continental area, even though all three areas have an approximately equal surface. The surface of the planned construction areas,



compared to the overall surface area of Croatia is 7,21 % of the land surface. The trend of strategic investment in the undeveloped areas can be seen.

According to the 2011 census, Primorje-Gorski Kotar County had a population of 296.195, a measured decrease of 3,1 % in comparison to the 2001 census. Rijeka and Gorski Kotar have measured a constant decrease in population from 1999 to 2011. However, the littoral zone and islands are measuring an increase in population, the littoral zone leading with an increase of 8,9 % in 2011, compared with the 2001 census. According to both censuses, 52 % of the overall populations of the county are women, while 48 % are men. Moreover, in every micro-region the percentage of women in the overall population has prevailed. The average age of the population in the county is 43,9, compared to 41 in 2001. This difference points to a demographic ageing problem. In the micro-regions, the average age of the population is highest in Gorski Kotar with 47,2, while in the littoral area it is a bit less, 43,4. Depopulation and demographic ageing pose a significant problem for the further development of the county. Rijeka and Gorski Kotar are the most affected by this problem. The reasons lie in high mortality and low birth rates.

The educational structure of the population according to the 2011 census shows that: 17 % have only a primary school education; 58 % high school education (grammar school or vocational schools); 7 % have a high school education (vocational schools lasting less than 4 years); 12 % have a college degree (RC 9,69 %); while 0,4 % have a PhD. These statistics show an unwillingness of the population for further education as one of the issues of the county, and as an obstacle for the further economic development of the region. There is a lack of interest in lifetime education as well. Furthermore, Primorje-Gorski Kotar County is characterized by an unfavorable economic structure with high unemployment rates. Even though the unemployment rates are lower than the average national rates, unemployment of youth are very high. The inadequate educational system and its inconsistency with labor market demands accompanied by the current state of the economy is one of the main causes of high unemployment rate. Measures need to be taken and developing the Creative Sector might be a very useful tool for reducing the unemployment rate.

Vital data related to the economic sector

Primorje-Gorski Kotar County, together with Zagreb and Istria County are the most economically developed counties in Croatia. Gross domestic product per capita in 2014 was 89.936 kunas which places Primorje-Gorski Kotar County on the high 3rd place, right beneath Istria County and Zagreb. The annual unemployment rate has decreased from 14,7 % in 2013 to 12,5 % in 2014, this is 5,6 % of the overall unemployment rate in Croatia. The highest percentage of unemployed people have finished high school or vocational schools, while the lowest percentage of unemployed are those with a university degree. 82,9 % of the total number of employed work in companies, 16,9 % in craft, manufacturing businesses and freelancing, while 0,2 % are working in farming/agriculture.

The Port of Rijeka is the largest and most significant Croatian seaport as it represents the front door of Europe to the Far East. Primorje-Gorski Kotar County connects Central and



Southeastern Europe, as well as a part of the Western European countries, with the Mediterranean Sea, making it a significant intersection. Depending on the port of departure,

the maritime route through the port of Rijeka and between the Far East and Europe is the shortest route, up to 7 days, compared to northern European ports.

While the port of Rijeka is of strategic importance, the airport located on the island of Krk is also significant. The most successful export activities are related to pharmaceuticals, shipbuilding, naval architecture and mechanical engineering, forestry based industries. Import activities include mainly the importing of packaging for goods, mechanical processing of metal, electricity imports and bakery products. The most common activities are those related to tourism and service activities. The most developed economic sectors of the county are: commerce, processing industries, timber industry, tourism, construction industry, transportation and storage, agriculture and fishery.

Primorje-Gorski Kotar County is one of the most developed counties in all of Croatia if we take into account the overall GDP and GDP per capita. Further economic development of the county should mainly focus on the activities that increase competitiveness and at the same time, ensure its sustainable development in commerce, processing industries, timber industry, tourism, construction industry, transportation and storage, agriculture and fishery.

3.2. Sectoral structure of Creative Industry

Before discussing the analysis of CI, it is important to provide some definitions and present specific analytical framework for the analysis. The term “Creative industries” came into use in the last decade of the past century when the understanding of the creative sector was broadened beyond the limits of artistic activities. This represented a shift in understanding regarding the potential commercial activities that were before considered in a strict non-economic sense. The key for understanding the CI is a transition from a high culture to a culture “for everyone and everybody” in which culture and creativity are commodified in an economic, market orientated sense. UNESCO defines CI as an industry with roots in individual creativity, skills and talent with the potential for making a profit, for creating work places and for exploitation of intellectual ownership. According to the UNESCO definition, CI sub sectors are: advertising, architecture, art, artistic crafts, design, fashion design, film and video, software and computer games development, music, performance and visual arts, publishing, television and radio.

Although the CI sector has had continuous growth on a global, as well as a local level, encouragement of its strategic development on the level of Primorje-Gorski Kotar County and Croatia is a newfound practice implemented just a few years ago. The problem of inadequate tracking of CI data affects the whole country. For this reason, the statistical data needed for the analysis is scarce. It is important to mention that the first successful efforts for defining the Creative and Cultural sector in Croatia were only just published in 2015 and named “Mapping the Creative and Cultural industries in Republic of Croatia”. Such initiative marks a positive shift



towards positive and comprehensive perception of the sector in Croatia and a pathway towards creative economies based on knowledge.

Provided here are several vital traditional practices and creative policies passed down by government. Primorje-Gorski Kotar County is a custodian of valuable and significant cultural

heritage in the region. A great number of associations and institutions carry out different programs and efforts to preserve the intangible cultural heritage. Several examples of this preservation are the preservation of authentic and native speech, music and traditional expression. The ones of utmost importance are 13 “Katedri čakavskog Sabora” (Čakavski dialect boards) and “Ivan Matetić Ronjgov” institution. It is of note to mention that “Dvoglasje tijesnih intervala Istre i Hrvatskog primorja” (Two part singing of narrow intervals of Istra and Croatian littoral) and “Godišnji pokladni ophod zvončari s područja Kastva” (Annual Carnival procession of zvončari group from Kastav) that are amongst the monuments included on the UNESCO representational heritage list of the world preserved in the County. The most prominent of these is a famous moment of Croatian literacy, “Bašćanska ploča” from the year 1100 and the “Vinodolski zakonik”. There are 30 valuable nature areas and distinct natural monuments that are protected by the Nature protection law. The development and management of all the activities in the area of culture is a task of the Department for Culture, Sports and Technical Culture in Primorje-Gorski Kotar County.

There are about 30 culture institutions in the county area (theatres, museums, galleries, libraries, culture centers), which are founded by cities and counties, while Primorje-Gorski Kotar County is a founder of three culture institutions whose work and effects are important even outside the border of the county. They are: Maritime and History Museum of the Croatian Littoral, Natural History Museum Rijeka and the institution “Ivan Matetić Ronjgov” from Viškovo. The following is a brief representation of CI sub sectors.

In Primorje-Gorski Kotar County there are a variety of artistic practices of good and very good quality intended for various age and social groups. There has been an increase of in the number of shows/productions for younger audiences, especially concerts. Local government budgets are financing, besides the institutions, civil associations and individuals in the field of creativity, as well as culture homes. In Primorje-Gorski Kotar County there are 4 subjects registered for recording sound and music record publishing (out of 79 in Croatia), 15 subjects for photography (out of 159 in Croatia), 3 for artistic creative practices (out of 36 in Croatia), 4 for performance arts (out of 42), 5 for auxiliary practices in performance arts (out of 66 in Croatia) and one for work in the field of artistic objects (out of 8 in Croatia). Most significant cultural institutions in the county are placed in City of Rijeka are: Croatian National Theatre of “Ivan pl. Zajc” (HNK), City Puppet Theatre (GKL), Croatian Cultural Home “Sušak” (HKD). Some of them are funded by the City of Rijeka budget, but most of funds, almost 70 % are going to HNK for promoting culture. Co-funding is made according to the number of employees in particular institution. Premiere and rerun program enables structural organization which consists of: Croatian drama, Italian drama, Opera, Ballet accompanied with concert activity and Drama group for children and youth. Musical amenities of the County are broad and include concert shows and individual performances, concert cycles, festivals of different genre and of course,



popular choral singing. In the County area there are interesting musical groups such as Glimb Assembly, Wind instruments assembly like “Čabar” and “Fužine”, “Josip Kaplan” Choir and many others. Some of the famous festivals are: “Melodije Istre i Kvarnera - MIK” (Melodies of Istra and Kvarner), “Grobnička skala” (Grobnik’s Scale), “Grobnički Tići kantaju” (Grobnik’s Little Birds’ Singing), “Čansofest” in Kastav and others in Gorski Kotar like Sound festival “Panfest” and “Goranski glasi” (Voices of Gorans). Also it is worthy to mention Hartera music festival, Ri Rock, KvarnerFest and a lot of local festivals and events. Main issues related to organization of musical

events consist in lack of resources, mainly lack of systematic, continuous and planned financing and undeveloped musical preferences of public which forces musicians and organizers to rely on external sources. Due to the consumption of guests, festivals have tremendous importance for the further economic growth and development not only of the county at place, but even broader.

It is important to emphasize that Rijeka submitted a candidature for the European Capital of Culture (ECOC) and that it gained this title for the year 2020. ECOC team started working on the basis of a set of flagship projects, and in the following year a program for 2020 will be published. The purpose of two flagship projects, “Lungomare” and “27 Neighborhoods” are diversification and networking of cultural stakeholders across the Primorje-Gorski Kotar County. ECOC title is recognized as a vital opportunity for the further development of Creative and Cultural industries in the region.

Cinematic activities have inadequate financial and institutional position in Croatia. From the 247 companies and entities registered for the development of movies, video movies and TV programs in Croatia, five of them are registered in Primorje-Gorski Kotar County where there are 6 cinemas with more than 400.000 visitors and spectators. This is more than 10 % of the amount of cinema consumers in Croatia. Two of these cinemas are located in Rijeka (“Art-Kino Croatia” which is funded by the County and a private cinema “Cinestar”) and one is on the island of Rab (and is co-funded by the city of Rab). The cultural center “Gervais” in Opatija and “Kino Sloboda” in Lovran are fresh new infrastructural venues that guarantee a whole year of cinema and of cultural experiences on the periphery. During the summer, there are open air theatres active in Opatija, as well as on many islands in the region. Several associations are also active in audio-visual production and movie festival production. The “Klik Fest”, a festival of movies recorded by Smartphones, and “Liburnia Film Festival”, a festival of the best domestic documentaries, are worth noting.

In regards to literature, publishing and journalism, there were 25 subjects (out of 175 in Croatia) registered for book publishing and 6 for magazine publishing (out of 349 in Croatia) while no journalism agencies were registered in the County (9 in Croatia) in the year 2015. There is also a vital decrease in the number of journalists in the County. In Primorje-Gorski Kotar County there were 29 national libraries with 691.185 titles and 437.071 users. “Bibliobus”, a mobile library, has an important role to reach the public on the periphery and the rural parts of the County. It is worth noting that the first mobile library developed in the former Yugoslavia was the one set up by the National Library of Rijeka. The University of Rijeka has set up the study of literature and cultural studies but there is no school of journalism in the County (Zagreb



is the closest). Research about the attitude of citizens towards the cultural offer in literature done in 2014, indicates that there is an unsatisfying offer in Gorski Kotar area and the islands, while on the coastal area, in Rijeka, and localities near Rijeka 50 % of consumers are satisfied. The same research also indicates a very weak consumption of books and written material in the whole county, in which 50 % of the surveyed people read only one book a year. Important papers specific to the county are: “Novi list”, Primorje-Gorski Kotar County magazine “Zeleno i plavo”, and the publication “Vinodolski zakonik”. Many of the municipalities and cities in the region have their own, often monthly, publications. For example, City of Opatija finances monthly city paper, “List Opatija”. In regards to the publishing sub sector, Croatian trends are relatively

negative, and the downgrading of the whole sub sector in the last decade is a harsh reality. The same is true for all of Primorje-Gorski Kotar County. Digital technologies have contributed to this phenomena but the main problem is the fact that classical, cheap and over read literature overwhelmed the kiosks, gas stations, supermarkets and mixed goods trades where these materials are sold. The market is crowded with books and buyers have stopped visiting book stores resulting in a drastic drop in sales.

In Primorje-Gorski Kotar County there are 44 museum and museum collections, with two museum institutions founded by the County (stated above). In Opatija there is the Croatian Museum of Tourism founded by the Ministry of Culture and Opatija. Other museums in the region are also founded by the cities and municipalities. A national museum event called „Noć muzeja“ (Night of Museums) is held in Croatia every year, with a noted increase in visitors and institutions that take part in the yearly event. In 2017 more than 25 museums and 200 institutions were included in the yearly program in the County and more than 16.500 people visited venues taking part in the event. In the context of CI, it is important to mention a museum of old computers and technical culture “Peek&Poke” as an example of work space problems. This museum has a huge collection, is internationally known and recognized and cooperates with other museums in the region. Unfortunately “Peek&Poke” does not have enough space for museum activity and has problems with financing overhead expenses and human resources.

Architecture in Croatia has a long and wealthy tradition but encounters the problem of a small market and the fall of the Building industry in Croatia and the County as well, despite the latest indications which show some recovery in the sector. The tendency of the current generation of architects is towards cultural responsibility and the perception of architecture as an activity within the broader cultural context. The general perception of architecture and industrial heritage in the County can be compared with those tendencies. The local population is sensitive toward the revitalization of industrial heritage and traditional spaces that often form historical and cultural identities. For example, the reconstruction and reuse of the former industrial plant “Rikard Benčić” is a pivotal activity to revitalize the space. The first phase of the Museum of Modern and Contemporary Arts was built at this location and there are plans to locate the Rijeka City Museum, City Library Rijeka and Brick House, a venue imagined as a space for citizen initiatives in the recycled factory. The industrial complex “Hartera”, a former paper factory, is often used for concerts and festivals, but is still waiting for a full scale revitalization project.



There is a critical mass of good designers in Croatia. In the last 20 years, the Croatian designer scene has matured, and grown in terms of quality and quantity and the number of employed that are young and highly educated people. The same can be said for the situation in the County. Companies that work in this area are of small and micro size. In the year 2012 there were 40 registered subjects for designer activities and today, the number is much higher. For example, we will take a company “Kreativni odjel d.o.o.” which has a broad variety of activities like design, video production, photography, creation of mobile application and computer games, and they like many others in the County, are successfully placing their products and services (their knowledge) on the international market. They employ highly educated young people from the region and they also treasure the outsourcing practice regarding experts in the area, but

their work is bothered by the growing emigration of educated staff and with the negative perception of Croatia regarding corruption and competitiveness from the investors’ point of view. In the County, there are no registered shareholders for computer games publishing and development but many of them are registered for programming practices so it is hard to distinct which of them are active in the computer games industry. Two of them are noted for such practices - “Kreativni odjel d.o.o.” i “Kid d.o.o.” Besides that, computer game production is frequent on private and project basis which doesn’t guarantee sustainability. The basic problem is inadequate funding of long term projects and the lack of digital infrastructure. Major problem for existing subjects is also the product placement for international market. Although, there is a visible trend of individual efforts for making computer games content in which platforms are developed with the help of start-up incubators functioning in the County (3 existing for now).

Creative Industries in Primorje-Gorski Kotar County are already developed to a certain level, which is not strange considering creative and cultural conditions in the County, as well as the status of cultural and natural heritage and tradition. People in the region are proud of tradition and cultural background and it is important to develop the CI sector considering tradition but in the same time implementing modern trends. CI is facing various problems which are, more or less, the same on the country level, but some positive trends regarding perception of the sector can be noted. The rising importance and share in the national economy and the fact that more and more of CI shareholders are developing their business and expanding their market worldwide are evidence of the Sector’s progress. Efforts regarding revitalization, renewal and reuse of abandoned industrial heritage in Primorje-Gorski Kotar County will surely boost the sector development considering an important problem of inadequate work space in Creative Industries.



3.3. SWOT-Analysis

Regional SWOT results	
<p style="text-align: center;">Strengths</p> <p>High level of identification of citizens in local communities with specific cultural heritage and tradition, increased by their volunteering contribution.</p> <p>Broad spectrum of cultural heritage rooted in local communities with recognized potential for creative industry.</p> <p>Strong interconnection of Creative sector on County level.</p> <p>Variety and mutually complementing in the sphere of culture and CI (performing arts, arts and (handmade) crafts/market, music school, etc.).</p> <p>Developed Cultural Tourism with increased capacities through successfully implemented projects funded by EU funds.</p> <p>Recognition of benefits of networking and cooperation with representatives of CI by tourist sector for development of cultural tourism.</p>	<p style="text-align: center;">Weaknesses</p> <p>Lack of Management and Administrative Staff in CI and their involvement in live long learning programs (ICT, PR and marketing).</p> <p>Reluctant preparedness to invest by Business owners.</p> <p>Non existing clusters in subsectors of Creative industries.</p> <p>Missing interdisciplinary collaboration and joint marketing through communication platforms.</p> <p>Not established connection with Creative Industry Clusters on international level.</p> <p>Difficult access to international market and severe problem in marketing and selling products and services locally and internationally.</p>
<p style="text-align: center;">Opportunities</p> <p>Industrial heritage infrastructure across county available for creative professionals and CI purposes.</p> <p>High quality of life in national context and favorable geographic position provide good traffic connectivity, exchange and networking.</p> <p>Developed Strategies and Cultural policies encouraging and financially supporting Culture and Creative industries - CI (High Institutional support for Cultural programs per capita).</p>	<p style="text-align: center;">Threats</p> <p>Weak consumer purchasing power and seasonality.</p> <p>No educated and inert public.</p> <p>Population decline due to negative long-term demographic trends, migration, especially of highly educated youth as a result of negative economic and unemployment trends on national level.</p> <p>Discrepancy between rural and urban areas within the County regarding available CI programs and services, investments in CI, communication with</p>



<p>County Cultural Network and European Capitol of Culture as platforms for promotion, networking and recognition of quality of local creative expression.</p> <p>Availability of professional formal and non-formal education and lifelong learning programs on national and International level.</p> <p>Available funding on national and EU level.</p> <p>Enhancement of cooperation between creative industry and other business sectors.</p> <p>Existing touristic infrastructure.</p> <p>Development of Regional cooperation.</p> <p>Interest of the International ICT business sector for the Investment in the local Creative Industry.</p>	<p>centers of power and administration.</p> <p>Necessity of huge investments in available ex industrial and other properties for CI purposes.</p> <p>Demanding administrative and legal frameworks for development of an initiative or business.</p> <p>High price of products and services in CI due to high tax policies, lack of cheap resources and narrow domestic market (locally and nationally).</p> <p>Unstable political and economic situation in Croatia.</p> <p>Open global market and presence of international professionals increasing competition.</p>
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