Mapping exercise:
How could creative industries foster innovation in tourism in the Northern Dimension area?

Country Report – Russia

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LIST OF ABBREVIATIONS

Acronym/abbreviation	Meaning
ND	Northern Dimension
CBC	Cross Border Cooperation
CCI	Cultural and Creative Industries
CCS	Cultural and Creative Sectors
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
GDP	Gross Domestic Product
HDI	Human Development Index
IT	Information Technology
NDPC	Northern Dimension Partnership on Culture
NGO	Non-Governmental Organisation
NTO	National tourist offices
OECD	Organisation for Economic Co-operation and Development
OTA	Online travel agencies
PPP	Public-private-Partnership
RST	Russian Union of Travel Industry
SME	Small and Medium-sized Enterprise
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TV	Television
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USA	United States of America
VR	Virtual Reality

1. INTRODUCTION AND KEY POINTS

This is one of eleven reports on the countries of the Northern Dimension (ND) and should be read in conjunction with a twelfth 'regional/cross-country' report. The reports have been produced under the EU BENEF Lot 9 FWC contract 'Mapping exercise: How could creative industries foster innovation in tourism in the northern dimension area?, in line with the terms of reference for that contract. The reports follow what was agreed at the inception report stage. Throughout the period during which the work has been done there has been close and positive liaison with the executive of the Northern Dimension Partnership on Culture (NDPC). The reports that have been produced are based on extensive consultation and research involving a large range of people. These people included country specialists and officials to whom we are very much indebted.

Under the terms of reference the timetable for the work started in February 2016 with completion scheduled for December 2016. The allocation of time for the work was 105 days, split between the two team members, 55 days for Lila Skarveli and 50 days for Terry Sandell, the Team Leader[1]. Given the number of countries, and their diversity, and given the very wide subject matter involving three very dynamic and currently fashionable areas - Cultural and Creative Industries, Tourism and Innovation - the time constraint was a very real challenge indeed. Amongst other things, it meant that while country visits of about five working days to all of the countries took place, it was physically only possible in most cases to visit one city, usually the capital. That said, every effort was made to secure a country overview which took into account at least some of the important developments taking place in the regions.

Quite soon after starting our work various interesting, sometimes challenging, questions arose, such as:

- Is there any reason why tourism itself is not considered one of the creative industries?
- In all three cases, the definitions of CCIs, tourism and innovation are various, unstable and contested. Is this because the necessary action to define them precisely and consistently at a European level has not been taken or is it because we are in a 'post-definitional' era with certain areas of human social and economic activity having become too diverse and complex to categorise easily?
- Tourism is a high priority for most Northern Dimension countries yet there were protests against tourism recently in Barcelona, arguably the most successful European city in terms of its tourism development and city brand. What does this signal about sustainability and local community engagement with/in tourism?
- When they do talk, do the tourism industry and the cultural and creative sectors speak the same language?
- Is the tourism industry's use of culture and heritage because of real engagement with the cultural and creative sectors or in spite of it? Even when they are moving in the same direction are they in reality on parallel but essentially separate tracks?
- Should tourism businesses be engaging with CCIs or vice versa, in which direction is the demand and in which direction the supply?
- Given that both sectors are to a large extent highly fragmented with a numerical predominance of SMEs, to what extent do the actors involved have the time and capacity to engage with each other innovatively or otherwise?

[1] Terry Sandell took responsibility for the Estonia, Finland, Latvia, Lithuania and Russian Federation reports and Lila Skarveli for the Denmark,Germany, Iceland, Norway, Poland and Sweden reports.

- Do the bridges that need to be built between CCIs and the tourism sector include new intermediaries who can identify, interpret, broker and manage tourism-CCI/CCI-tourism synergies?

In the last couple of years there has been increasing interest in looking at the existing and potential linkage of the cultural and creative industries to tourism development. It however throws up considerable practical and methodological challenges and problems for various reasons and explains why relatively little progress seems to have been made. The major first hurdle is that the definition of cultural and creative industries is constantly evolving and, moreover, it differs from country to country[2]. This has been particularly evident in the case of the eleven Northern Dimension countries, even in the case of those countries which work very closely together, for example in the case of Lithuania, Latvia and Estonia. There can also be conceptually quite different national approaches. For example in one country cultural and creative industries may be seen as a distinct sector and be supported on that basis. In another country they may not even be seen as a sector but as part of something wider or cross-cutting such as one part of the creative economy, or as a part of national innovation, entrepreneurship or SME policies. The third issue flows from the other two. Because of an evolving and differing understanding in country terms of what the CCIs constitute, there is no common statistical base which allows clear comparisons or benchmarking, something which is urgently needed and is beginning to start being explored at European level.

If one turns to the tourism sector, there are similar parallel problems. The collection of statistics (e.g. number of nights' accommodation) may be firmly in place but those statistics are partial and beginning to look increasingly inadequate as they are often not taking account of revolutionary changes affecting the tourism and travel industries. The continuing, growing importance of OTAs[3] and an emerging peer-to-peer and sharing economy affecting such areas as traditional tourism accommodation are often not being captured by the traditional industry information systems.

Tourism categorisation is also constantly evolving with the existence of an increasing number of sub-sectors. Even cultural tourism, a sub-sector itself, can be broken down into possibly a dozen or more sub-sectors such as heritage tourism, arts tourism, creative tourism, urban cultural tourism, rural cultural tourism, indigenous cultural tourism, experiential and gastronomic tourism, 'dark' tourism[4], often with overlaps with other forms of tourism e.g. adventure tourism, health and well-being tourism and so on[5]. Again there are definitional differences from one country to another and certain types of tourism may be more developed or be more of a national tourism priority in one country compared to another.

The complications of identifying at a general level the existing and potential linkage of CCIs to the tourism sector is exacerbated by certain tourism sub-sectors being in their own right part of the cultural sector itself, for example in the case of heritage tourism. Both the CCIs and the tourism sector are not in reality clearly demarcated - both are imprecise, fluidly-defined, fast-changing and dynamic areas of complex and important economic and social activity. In the case of CCIs there are other complications. For example the

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[2] Committee on Industry, Research and Energy and Committee on Culture and Education of the European Parliament Draft Report (23 June 2016) 'On a coherent EU policy for cultural and creative industries' (2016/2072(INI): 'Alongside a clear definition that takes into account all sectors related to CCIs, the co-rapporteurs believe it equally necessary to have comparable and reliable statistical data. Each Member State has, in fact, its own classification of CCIs. It is therefore essential to adopt at EU level an updated framework for the sector and to map changes over time. The objective should be to identify specific indicators to measure the results of policies for the promotion of the sector.'

[3] Online travel agencies (such as Expedia, Booking.com etc.)

[4] Tourism in which visits are made to sites, attractions or exhibitions connected with suffering, death, disaster and negative or macabre events.

[5] Melanie K. Smith in her 'Issues in Cultural Tourism Studies' (Routledge, 2009) pp. 18-19 lists thirteen categories of cultural tourism which she reduces to nine and later seven broad sub-sectors. See Appendix X of the Regional Report for a detailed 'Typology of Cultural Tourism'.

arts 'lobbying industry' has for many years ubiquitously used the terms cultural industries and creative industries interchangeably in order to protect or bolster publicly-funded culture budgets. Although things have moved on and in many countries the importance of the arts, for example, is recognised and understood as a part of the creative industries value chain, there is still often a lot of blurring and definitional confusion[6].

Perhaps naively, we had the intention at the outset of our work of trying to bring some clear and overarching, definitional discipline to our subject. This brave intention was eliminated as a result of almost the first day of the first country visit where it was clear that there were very local and legitimate interests, debates and specificities and that it would be artificial to impose on countries definitions and categories that might work for some but not for others. Imposing definitions would in some cases have been positively distorting to an understanding of the local CCI situation. It should also be mentioned, as will be seen from the two footnote references above to a very recent European Parliament report, that even at EU level, where the cultural and creative industries have soared to a position of highest importance in terms of policy, terminology is often loose, for example with both the terms Cultural and Creative Sectors (CCS) and Cultural and Creative Industries (CCI) being used.

In the context of our work we therefore felt there was no alternative but to assess the cultural and creative industries and the tourism sector in the individual countries in their own terms and then with the regional/cross-country report to try to bring them together.

Although it is right to look at ways of increasing the synergies between the tourism industry and CCIs it is important to recognise that there is already a substantial level of engagement. For example even a superficial listing of the main CCIs illustrates how they are already contributing to the tourism sector:

- Software and digitalisation - this has had a revolutionary impact on many aspects of the tourism industry, not least in the role that OTAs[7] play (e.g. TripAdvisor, booking.com, Expedia, Airbnb etc.)
- Design, especially graphic design but also right the way through all aspects of design including 'son et lumière' spectacles, light festivals and events etc.
- Music for place branding, ambience, open-air concerts etc.
- Advertising and broadcasting - the importance of these areas to the tourism industry are self-evident
- Film and cinema - promos, travelogues, film location tourism
- Theatre - use of actors as animators or for audio guides, staged events, historical pageants and re-enactments etc.
- Festivals - a major element in event tourism and place branding
- Crafts and antiques - as part of shopping and souvenirs
- Architecture - the tourism industry's use of built heritage and use/commissioning of significant buildings (including as hotels)

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[6] Committee on Industry, Research and Energy and Committee on Culture and Education of the European Parliament Draft Report (23 June 2016) 'On a coherent EU policy for cultural and creative industries' (2016/2072(INI): [The European Parliament] 'Calls on the Commission to design its future policies based on the following definition of CCIs: 'cultural and creative industries are those industries that are based on cultural values, individual creativity, skills and talent with the potential to create wealth and jobs through generating value from intellectual property. They include the following sectors relying on cultural and creative inputs: architecture, archives and libraries, artistic crafts, audio-visual (including film, television, video games and multimedia), cultural heritage, design, creativity-driven high-end industries and fashion, festivals, music, performing arts, books and publishing, radio and visual arts'.

[7] Online travel agencies.

- Publishing - travel and guide books are still very popular
- Fashion - place image and branding, folk costumes etc.
- Gaming, augmented reality and VR - perhaps still at an early stage but already being used even by big, traditional tourism operators such as Thomas Cook
- Food and local natural products - food festivals, branding ('appellation') and gastrotourism in both urban and rural contexts

So the real question is could, and should there, be more interaction? Is there either 'market failure' or under-utilised potential and resources? Out of which flow other questions, for example, is existing CCI-tourism interaction because of effective (vertical) policies or in spite of them? Does a (horizontal) common language exist with regular dialogue producing the development of shared interests between the CCI and tourism sectors? Are there particular tourism sub-sectors and CCI sub-sectors more suited to innovative interaction and more able to produce new cooperation methods, models and paradigms? If there is 'market failure' or under-utilised potential and resources, what kind of intervention or incentivisation is required to make the CCI sector and tourism industry interact more effectively?

As illustrated above, a lot is going on between the various CCI sub-sectors and the tourism industry so there is not classic 'market failure' but rather of 'under-utilisation' which warrants and justifies intervention. Tourism and the CCIs share many characteristics. They are fragmented, dynamic, numerically dominated by SMEs, micro-businesses and sole traders, preoccupied with themselves and often chaotic. They each have their own agendas. There is lack of a common language between them, probably attributable in part simply to lack of time. In general there does also seem to be a lack of 'savoir faire' in terms of their engaging with each other, innovatively or otherwise! For the CCI sector developing clustering appears to be very helpful but CCIs and tourism actors have so far not naturally clustered. Most importantly there have been few practical measures (although there are some good exceptions) to bring tourism professionals and CCI actors together which at the very minimum requires active policy-maker interest, 'interpreters', some funding and participative commitment.

A very important question is to what extent any synergies currently taking place between the cultural and creative sectors and the travel and tourism industry are because of, or in spite of, current 'vertical' policies. While political mention of CCIs contributing to other sectors is frequent, including sometimes in policy documents, it tends not to be targeted in any practical way. There is probably more than one reason for this. It is a fact that the concept of CCIs is still relatively new (even if one traces it back to the 1990s) and is possibly part of the explanation. One suspects that although the role of the CCIs in terms of their economic and social benefits is increasingly being recognised by European governments there is probably still fairly widespread an issue of real understanding of the CCI phenomenon and the nature of their potential. This is then at the political and policy level greatly exacerbated by the problem of poorly 'joined-up' government/administration which particularly affects those areas which need to be politically and economically managed in a 'horizontal' cross-cutting way. A further issue in some countries is that governments often are not imaginative at working with, and for, the private sector especially in relation to SMEs, micro businesses and sole traders. Furthermore, there is also an issue of ownership. Which ministry or administration is responsible for CCI development: Culture? Economy? Industry? Innovation? Business?…Shared? Or are the CCIs themselves, much of the time operating in the private sector, responsible for their own development?

In the case of the other side of the equation - tourism - who is responsible for developing tourism services, products and events especially in relation to an area like cultural tourism? In most cases, it is not government but SMEs, independent commercial and non-commercial entrepreneurs and cultural institutions acting entrepreneurially or imaginatively, not in fact the Ministries of Tourism. It is almost a universal fact that policy-makers traditionally focus on what they directly control and manage unless lobbied to do otherwise. Leadership and representation in the CCI sub-sectors in many countries is not very well-developed so lobbying is weak and the CCI sector as a whole covers such a wide area and diverse interests that lobbying as a 'sector' is most of the time not realistic.

It should also be recognised that the CCIs have not been noticeably lobbying for more engagement with the tourism industry while the tourism industry, although much better organised in terms of sector and sub-sector representation, has not been noticeably developing an agenda for greater joint dialogue and exploration with the CCI sector.

Again one needs to ask a question, this time the question is why such an agenda has not been developed in the past? It would seem that it may simply be to do with the complexity and chaotic nature of the two sectors. For example, how many sub-sectors does the tourism industry have? If one takes just one of those numerous sub-sectors, for example, cultural tourism, how many sub-sub-sectors does cultural tourism in turn have? As for the CCIs - how many are they? It depends on the country but in most cases about a dozen. But again if one looks at one of them individually, such as design, it becomes complex. In one Northern Dimension country design is officially defined according to about 25 sub-sectors!

In looking at how the creative industries could foster innovation in tourism in the Northern Dimension area one needs to take into account all the factors mentioned above. It has seemed very clear from our work that to get the two chaotic and fragmented sectors to begin to work better together and feed off each other it will be impossible to identify a single unified interface or find a ’magic bullet’. This is not of course the answer politicians, policy-makers and economic planners want. It is however the reality. If progress is to be achieved in getting the CCS/CCI sector to engage more and in a systematic and synergistic way with the tourism sector, there is a need to be selective, realistically focussed and take a segmental approach. Developing effective methods, models and paradigms for CCI-Tourism cooperation and interaction will only come through such an approach.

Our work suggests that in being selective, and in relation to the Northern Dimension region, the most productive tourism target areas are probably going to be heritage tourism, creative tourism (including routes and trails, gastronomy and rural tourism) and events tourism. Heritage tourism is in many of the countries well developed. That said, there are plenty of sites, many museums....but how many apps? Creative tourism, which we define more clearly below, is a natural ground for all types of CCS/CCI involvement. Cultural routes and trails open up all sorts of innovative opportunities as visitors are there for the experience and need to move, learn, eat, sleep and interact. Cultural routes can of course also be cross-border and multi-country projects drawing Northern Dimension countries into mutually beneficial cooperation. Gastronomy or gastrotourism is also booming in parts of the Northern Dimension area, either as a result of a planned tourism development (e.g. the joint Nordic Food promotion which was launched some years ago, and because of its success, followed by a Nordic Fashion initiative later) or as a practical research area (as in the case of the work currently being done in St Petersburg at the Higher School of Economics). Rural tourism's special challenges - information, communication and access - are also fields of opportunity for CCIs. Events tourism, a priority in many of the Northern Dimension countries, is still not a saturated area, even if it is becoming more competitive, with new festivals of all types mushrooming in the region which are natural meeting grounds for inputs from the CCS/CCI into tourism development. In the case of tourism-based festivals policy in particular, the CCIs could be encouraged to provide the background linkage, depth and continuity for festivals and events that are by their nature often one-off, narrowly-focussed, sometimes self-absorbed and usually of short duration. Why not classical music festivals (with their dying audiences!) linked to co-located youth-oriented fashion pop-ups? Using the local CCS/CCI resource as year-round linkage or continuity is already happening in some places in the Northern Dimension area.

Accepting that the creative industries already contribute a lot to the travel and tourism industry but that there could be a more developed relationship especially if targeted at a few very specific tourism sub-sectors, what kind of intervention is needed? At a policy level the first steps would seem to be a need for increased awareness, understanding and interest, in fact the classic 'Hawthorne Effect'. Policy encouragement of 'bottom-up' initiatives and 'horizontal' engagement combined with 'top-led' imaginative and sensitive strategic place branding and effective destination management marketing are probably part of the needed formula. Awareness of the potential of the CCI-tourism relationship needs however to be proactively promoted, in particular by encouraging it to be put on tourism industry agendas and feature as a discussion topic at industry fairs, conferences, events and through industry information channels. Awareness-raising is also needed in the opposite direction by making CCIs more aware of the importance and potential of the tourism sector as a partner and market for creative industries' goods and services. This needs to be done through making it a practical agenda item at CCI events and gatherings and through 'word of mouth'. There is also a need simply to bring tourism and CCI professionals together to create dialogue and some new and practical 'bridges'. As mentioned earlier, there is little evidence of a common language and there is probably a need for an intermediary cadre of industry 'producer-interpreters' from both sectors.[8]

While in many of the Northern Dimension countries past problems are beginning to be addressed related to finance and investment for CCIs given their non-traditional industry attributes, this is usually manifesting itself in facilitating their access to existing investment, innovation or SME funding schemes which are non-CCS/CCI specific and very general in nature[9]. If real progress is going to be made in drawing the CCI and tourism sectors closer together and more productively then there is probably going to be a need for there to be specific and narrowly targeted encouragement and support opportunities and schemes. In practice this probably means that there is a need for specialised agencies (e.g. Innovation Norway, Swedish Agency for Economic and Regional Growth, Enterprise Estonia, Finland's Tekes etc) to focus on this. The CCIs and the tourism sector are often travelling in the same direction but on parallel rails and not on the same track with shared (but perhaps different) 'win-win' goals, something which the specialised agencies could address. The fact is, as already mentioned, the CCI and tourism sectors are dynamic, chaotic sectors and so fragmented that even within each individual sector there are awareness problems, knowledge deficits and communication gaps.

As suggested above a focus should be on heritage tourism, creative tourism (including routes and trails, gastronomy and rural tourism) and events tourism as these areas seem to be the most fruitful for synergistic and innovative engagement with the CCI sector. Heritage and events tourism are self-evidently understandable but the important and still emerging area of 'creative tourism', which we believe perhaps has the most relevance and potential for many of the CCIs, needs some explanation.

It is important to elaborate a little on what creative tourism is, or rather what it is becoming. The concept of creative tourism emerged about fifteen years ago but in the narrow context of people travelling to destinations to follow a course or learn something in a structured setting e.g. to do a cookery course or to learn a language. In recent times, influenced by the dynamism of the CCI sector, creative tourism development has taken on a much wider meaning and includes any tourism experience which involves not only formal but also non-formal or informal learning.[10] Creative tourism is a 'work-in-progress' in that it is

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[8] A particularly interesting project, Luova Matka, is currently taking place in Finland which is addressing this issue.
[9] New ways of providing investment finance specifically for CCIs is of course being explored at European level through one strand of the Creative Europe programme.
[10] For a more cautious view of creative tourism notwithstanding the business planning of the world's fourth biggest online travel agency see Alice Jong's The Media Loves Airbnb Trips, but Will Travellers?
'Well, according to the media, the verdict is in. Airbnb is going to reinvent travel, and everybody loves it:
Airbnb's Ambitious Second Act Will Take It Way Beyond Couch-Surfing
Airbnb has taken on hotels, now it's gunning for the whole travel industry with Trips
Airbnb's Next Act: Tours, Classes and Restaurant Reservations

seen by some as also having an important co-creation dimension to it i.e. where the tourism provider and the tourism consumer co-create the tourism experience. It is also often seen as embracing all experiences and learning related to a specific place, even those that have not been traditionally perceived as 'tourism' experiences. The local dimension and active participation by 'locals' is also often considered another essential ingredient. Unlike traditional cultural/heritage tourism, creative tourism embraces not only historical culture but also very much contemporary culture. Finally creative tourism can be seen as a reaction to traditional cultural tourism that has sometimes turned into 'serial reproduction'[11] or 'Gettyisation'[12]. There is a demand for distinctively individualised and active experience, not passive consumption of, for example, a franchised Getty museum. Recognition of the importance of this new form of tourism came in 2014 with OECD commissioning the first serious non-academic study of it.[13]

This already important discernible movement to a new form of individualised, co-created tourism opens up real and innovative opportunities for the cultural and creative sectors to explore and establish new and active relationships with the tourism sector. As is made clear in the regional/cross-country report it will require practical intervention and certain types of support as for all their similarities in terms of being quintessential post-industrial economic sectors, the CCIs and the tourism industry do not speak the same language. Focussing on how 'bridges' can be built between targeted CCIs on the one hand and creative tourism and traditional cultural tourism on the other is probably the best way to start to get the wider tourism industry and the whole spectrum of the cultural and creative sectors travelling more often and more productively on the same track and with mutually-beneficial and genuinely shared agendas rather than on separate, parallel paths as seems so often the case.

In the country reports we try to take stock of the current state of the CCIs, of the tourism sector, the general climate of interaction between them, and the general degree of the country's interaction with other Northern Dimension countries plus we provide some country case studies. It should be said that it may have partly been because of the severe time constraint already alluded to at the beginning of this report but good case studies were not easy to find. We believe that this reflects perhaps two things. The first is that there are not abundant good examples of the CCS/CCI and tourism sectors developing together innovatively or that the good examples are not recognised or particularly well known in the countries concerned.

In the regional report we bring things together, present an analysis, draw some conclusions and make recommendations which we hope may help to take things forward.

Even Wall Street seems smitten. Deutsche Bank Equity Research issued a research note titled "Did Airbnb Just Reinvent Trip Planning?"
In November, the home-sharing site's co-founder and CEO Brian Chesky delivered an Apple-inspired product launch (replete with long queues for reporters, lots of applause, standing ovations and – of course – "one more thing") of the new Airbnb Trips platform. Trips features a revamped Netflix-like design that puts bookable "Experiences" at the centre. Coming soon will be restaurant reservations, bookable activities and classes, and transportation options (with teases that Airbnb will move into cars and flights).
Experiences are led by local host experts, including astrophysicists, fashion gurus and truffle hunters. The design entices with old-school movie posters and slick personalized trailers. It's all about going deep and local with what feels like hand-crafted opportunities to – you guessed it – "live like a local." Do people really want to spend their vacations making violins, crafting with recycled garbage, or learning to be an acrobat?' (Phocuswright article, December 2016)

[11] Greg Richards and Julie Wilson: Developing Creativity in tourist experiences:A solution to the reproduction of culture? in Tourism Management 27 (2006), pp 1209-1223.

[12] A phenomenon sometimes referred to as 'Macdonaldsisation'

[13] OECD (2014), Tourism and the Creative Economy, OECD Publishing, Paris. DOI: http://dx.doi.org/10.1787/9789264207875-en

Mapping exercise: How could creative industries foster innovation in tourism in the northern dimension area?
Country Report – Russia

Key country points include:

1. Although occasional reference will be made to CCS/CCIs and tourism in the Russian Federation in general this report is focused on the North West Region.
2. Serious longer-term planning and development in the Russian Federation is in general often very difficult but particularly for anything that is not, for whatever reason, a major government priority or not mentioned in a state policy or similar document. The ambiguous position of the cultural and creative industries in national policy terms is quite evident.[14] In the national Strategy issued in February 2016 outlining cultural policy to the year 2030, 'creative industries' is mentioned once, fleetingly, in relation to competition for state financial support plus there is one other uncontextualised and isolated mention of support for the development of the 'cultural industry'[15].
3. The Strategy for Cultural Policy for the period up to 2030 is atavistically and fiercely conservative. It frames policy in terms of Soviet-era 'institutional architecture', focussing on philharmonias, special schools, creative unions and the big buildings-based cultural institutions. The traditional cultural industries are featured but very much as they existed in Soviet times - traditional print publishing, classical music concert halls, state and municipal-run theatres, conventional cinema production and national film exhibition, radio, TV and mass media. The 2016 Strategy document makes it very evident that the cultural sector is still being seen by national policy-makers in a very narrow classical, 'high culture' 19th century/Soviet context and isolated from other economic sectors.
4. Notwithstanding a whole raft of negatives in relation to the climate in which the creative industries have to operate within the national system, it is a growing sector. They have interestingly proven their comparative sustainability during a period of continuing financial crises which began with the 2008 crisis and continue until the present.
5. There is no national CCI-specific legislation, nor any planned, only general cultural legislation. At a regional (oblast') and local level the creative industries are in some places seen as important by the authorities and given at least limited support.
6. While in the main seemingly neither understood nor appreciated at the national level, cultural and creative industries development is taking place in the big urban centres such as St Petersburg and Moscow. In the case of the North West Region, where it is officially supported, for example in the Republic of Karelia, the CCS/CCI sector is developing well, often in an interesting way.
7. CCI development in the Russian Federation in particular, but also to some extent in the North West Region, presents a somewhat confused picture. Even at national level, while seemingly not featuring in policy, it has its champions, notably people like Alexei Kudrin[16] and people who seem to be sympathetic, like Prime Minister Medvedev.
8. Aside from any specific CCI problems, there are additional wider non-specific realities related to CCS/CCI development. There is a general lack of understanding and distrust of small and medium-sized enterprises (SMEs) and sole traders[17], there is a problem with the rule of law and concomitant petty bribery and corruption, plus a lack of investment funding via government schemes or venture capital.
9. Some local research in St Petersburg has indicated that many government sector cultural institutions do not want to have any form of interaction with creative industries actors and that even within the creative industries sector itself there may be areas of resistance to collaborative working.
10. Innovation policy is seen almost exclusively in terms of scientific, technological and industrial development. Cluster policy is focussed almost exclusively on industrial clustering, although there has been in Moscow in particular some CCI cluster-creation and cultural hubs are appearing in some urban centres.
11. The powers of the regions and oblasts in terms of decentralisation are sometimes ambiguous or confused especially in terms of international relations. This is obviously an important matter for

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[14] О. Голодец (Заместитель Председателя Правительства Российской Федерации): "Дорогие друзья, тема действительно звучит несколько необычно. Скажу откровенно, у нас нет специальной программы по поддержке креативного бизнеса."

[15] 'содействие развитию культурной индустрии'. See Правительство Российской Федерации. Распоряжение от 29 Февраля 2016 г. No 326-р. Стратегия культурной политики на период до 2030 года, p. 35.

[16] He was finance minister for over a decade until 2011 and during 2016 was appointed as Deputy Head of the Presidential Economic Council in addition to being asked to draw up new economic plans by President Putin.

[17] In the case of sole traders, for example, there is currently some discussion accompanied by much rumour that legislation will be introduced penalising through compulsory payments those who are self-employed or not in 'regular' jobs.

border regions such as the North West Region. There is still often a perception or reality that everything has to go through Moscow.[18]

12. St Petersburg is a festival city but there is no festivals association or similar. Nor apparently in the Russian Federation in general.
13. In late 2016, in the context of raising more money for government as a result of the latest financial crisis, proposals were floated by some parts of government for a law designed to raise taxes on individuals not part of the mainstream state economy and which could hit freelancers in the creative industries particularly hard. The background is the idea of making unemployment a criminal offence for everyone who is fit for work, introducing an annual charge for anyone who is not paying income tax and charging unemployed people for currently free social services like healthcare.
14. The importance and potential for tourism to contribute to the economy of the Russian Federation cannot be questioned and is increasingly being reflected in policy and in practical actions. The degree to which tourism is affected by political and other events is also being taken into account. Increasingly Russian tourism planners are focussing the Asia Pacific markets, partly because their Europe market is fragile. The Federal Agency of Tourism reported that group bookings from China had increased by 47% between January and April 2016. One major negative influencing factor in relation to inbound tourism is the Russian visa regime but even in this area some improvements are happening or planned. It seems that there is serious discussion of introducing visa free travel for tour groups from India, Iran and Vietnam like the existing arrangement with China. There is also seemingly draft legislation to introduce electronic visas for visitors from Europe and the USA.

[18] "Настоящая децентрализация начинается не тогда, когда нужно сначала доказывать что-то Москве, получать ее одобрение, а когда есть прямой диалог с миром." ("Real decentralisation starts not when you have to begin by proving something to Moscow in order to get their approval but when there is direct dialogue with the world.")

2. BASIC COUNTRY INFORMATION

The Russian Federation is administered through a system of eight 'super-regions', of which the North West Region, officially the Northwestern Federal District, is one. It consists of eleven federal units i.e. regions of which there are two republics (Karelia and Komi), seven oblasts (counties or states), one 'okrug' (the Nenets Autonomous Okrug) plus St Petersburg. It has four major cities - St Petersburg, Kaliningrad, Arkhangelsk and Murmansk but with other important centres such as Petrozavodsk, the capital of the Republic of Karelia and overall about 150 cities and towns. Its population was 13,718,000 (2012), about 84% urban. The North West Region is an area of 1,687,000 square kilometres and consists of three economic areas, the Northern, the Northwestern and the Kaliningrad regions. The North West Region accounts for about 9.87% of the total territory of the Russian Federation and about 9.45% (2016) of the population. It generates about 12% of the country's industrial production and 6.2% of agricultural production.

One of the most economically developed parts of the Russian Federation, apart from St Petersburg, the North West Region has many historically interesting places which make it an important area in terms of tourism which has very serious potential to be even more important economically. Over 40% of GDP is generated in St Petersburg.

As a macro-economic region and because of its geography it has a dynamic international relationship, particularly with the Northern Dimension countries.

3. CCIS IN THE RUSSIAN FEDERATION

In the case of the Russian Federation it is really important to understand the development of cultural policy at least from the 1990s until the present (even if one does not go back to its still influential Soviet antecedents) to understand the somewhat chaotic present development of CCS/CCIs in the country.

Since the 1990s the Russian Federation has moved from a laissez-faire, liberal, sometimes chaotic, system in the direction of a very conservative and atavistic cultural policy. This has been a process which has seen a modest non-government sector remain combined with reduced autonomy for the government sector cultural institutions. Politically it has been a process where the state has again become extremely powerful (as in Soviet times) at the expense of the private and independent sectors and to the detriment of the development of civil society. This has been particularly evident in the last fifteen years and is very visible in the latest national cultural policy documents. As a generalisation it can also be said that the renewed strong presence of the state combined with reduction in institutional autonomy within the cultural sector has often resulted in new regulations and controls which have in practice led to disincentivisaiton and been unhelpful in stimulating new cultural opportunities or funding models which might have developed. This is the broad historical and current context in which the CCS/CCIs need to be seen and understood especially in terms of their development in St Petersburg and the North West Region.

Notwithstanding the gravitation towards a conservative and atavistic cultural policy - which has culminated with the 2016 Strategy for State Cultural Policy to the year 2030 - the cultural landscape of St Petersburg itself has changed considerably in the past fifteen years. One trigger for development was in 2003 and the events and programme organised to celebrate the 300th anniversary of the foundation of the city. This included the mushrooming of festivals and other activities during that year. Contrary to what might have been expected, most of these festivals continued after 2003 and proved to be a lasting legacy of that anniversary year. It has been out of that activity that St Petersburg can now present itself as a 'festival city' and appear to be ‘dynamic’, instead of being just a 'museum city'.

Another important development, quite radical at the time, was the allocation of a budget by the St Petersburg Committee on Culture and the introduction in 2007 of a competitive project grants programme[19]. This programme has continued until the present and now grants are given in two areas, for events and festivals, especially those with an international dimension, and grants for innovatory projects. In the past under this scheme some funding went to cultural entrepreneurship activity. Although publicly the St Petersburg Committee on Culture nowadays seems to be coy about its position in terms of support for the creative industries, although not specifically for creative industries development, there is a modest amount of grant activity. It also has supported the Institute for Cultural Programmes over a considerable period of time. The Institute is probably the longest functioning and most active promoter of cultural and creative industries training and development in the city.

The St Petersburg Committee on Culture lists its main functions on its website in a fairly precise manner but interestingly there is not a single direct or indirect mention of cultural industries:

- preservation and rational use of cultural-historical heritage
- revival and development of cultural traditions
- support of cultural and arts organisations with the aim of facilitating equal access to culture for all sections of society
- creating the conditions for the improved performance of cultural and arts organisations

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[19] St Petersburg City Cultural Policy 2006-2009.

- promoting the special music and art education system, creative education and discovery of the talents of the young generation of citizens
- support of folk culture and cultures of the national minorities
- development of the leisure sector
- research and cultural and educational activities
- strengthening the links between professional and amateur culture
- widening international cooperation
- involvement of St Petersburg cultural and arts organisation in international projects
- promotion of the image of St Petersburg as a centre of culture and art of world significance
- organisation of city-wide cultural projects such as festivals, competitions, celebrations, exhibitions, conferences and symposia
- development and execution of projects and targeted programmes related to development of culture
- development of expertise related to international and regional programmes related to culture

This absence of reference to cultural and creative industries seems to be in contrast to its past position.

The beginning of the development in St Petersburg of an understanding of the CCI concept and a first attempt to sow the seeds of a CCI environment was with the EU-funded Tacis project 'Innovative Funding for Stable Cultural Development in the North West of Russia' which involved a triumvirate of partners, St Petersburg, Manchester and Helsinki. The project had two phases, but in the end, in terms of leading to an interest in and launch-pad for CCI development and policy in St Petersburg and the North West it proved to be a still-birth. Metaphorically speaking, there was no midwifery support, nor interest, on the part of the St Petersburg government authorities to go in that direction. The project was however useful and amongst other things showed that the creative industries were poorly developed in St. Petersburg including in respect to contemporary arts, popular culture and the 'life style' sphere. Out of this project a legal entity was set up, the Centre for the Development of Creative Industries, which although not able to do much for the decade after its establishment, is leading and coordinating - or at least its founder is - what appears to be the first officially-backed creative cluster in St Petersburg which was established in 2015.

The ambiguity about official policy in relation to cultural and creative industries is in fact reflected in the process which led to the creation of this official creative cluster. While, as mentioned above, the St Petersburg Committee for Culture website does not even mention creative industries, by contrast the St Petersburg Concept of Social and Economic Development until 2020 document of the St Petersburg Committee for Economic Policy and Strategic Planning their development features as one of the several economic development priorities. The Concept of Social and Economic Development of the city of St. Petersburg until 2020 presents creative industries as “the main driving force for the global image of St. Petersburg as one of the most significant cities in the world, both in cultural and political terms.”

Returning to the officially-recognised cluster created in 2015, while it is unclear at present how, and even if, the cluster will develop in the future, its genesis is interesting. Except as individuals in recent years there has been little practical interest hitherto in the creative industries on the part of the St Petersburg Committee on Culture. According to one informant, mention of CCIs was apparently in the city’s 2010 draft cultural plan but was removed in the final draft, allegedly because it was argued that nobody would understand the concept and it was unnecessary anyway. Mention of the creative industries appears to have been included later.

In the meantime there were the beginnings of early interest in the creative industries concept by both the St Petersburg Committee on Innovation and the St Petersburg Committee on Industry as well as by the Committee on Economic Policy and Strategic Planning as just mentioned. Their policies have been influenced by the federal government strategic decision in 2006 to create Technoparks throughout the Russian Federation to provide support for the development of high tech industries. The first phase of the St Petersburg Technopark project was the establishment of the Ingres Business Incubator in 2008 and another important phase was the setting-up in late 2014 of the Cluster Development Centre. As its name suggests, the Cluster Development Centre's purpose is actively to create and nurture clusters including through offering free advice and mentoring services. It is through this channel that St Petersburg's first creative cluster, led by the founder of the Centre for the Development of Creative Industries and consisting of about 40 companies and creators, came into being as an officially-recognised entity in late 2015.

As alluded to earlier, it remains to be seen what this formalised entity-'cluster' can achieve as, going back to an earlier metaphor, it seems to have been conceived but it is still very much in the first month of pregnancy with ambiguity about its future parentage (i.e. which is going to be its sponsoring city government committee?) and whether the Committees of either Industry or Innovation will really give the necessary support for it to become active and strategically significant. Whatever happens, it is likely that the development of the creative industries in St Petersburg, as over the last decade, at least for the immediate foreseeable future, is going to be the result of the CCIs themselves, the private sector, the independent non-commercial sector and individuals.

Institutionally, the Institute for Cultural Programmes has been a main player in training for the CCS/CCI sector and has also been very involved in developments outside St Petersburg, particularly in Karelia. The Institute for Cultural Programmes has since 2011 been working closely with the Republic of Karelia which in some respects could claim to be a real flagship for CCIs. There, with Federal Ministry of Culture support there have been lots of CCI-related programmes, including the setting up of special centres. One of the reasons for successful development specifically in this region, apart from personalities and leadership, has been the CCI-crafts agenda that has been pursued. Karelia has a strong crafts base which, not surprisingly, is very Finnish-oriented with a strong design orientation.

The role of the Centre for the Development of Creative Industries both in the context of the early EU-funded Tacis project, its subsequent mainly dormant period[20], and recently in the registration of the first official creative cluster has been outlined. As mentioned the other institutional players are the Innovation, Industry and Culture Committees of the City Council. There is also academic interest in CCI development, particularly on the part of two institutions, the St Petersburg State University's Faculty of Liberal Arts and Sciences (Smolny College) and the Higher Economics School. The latter have been active in research and in being involved in projects and a current main research interest is developing culinary tourism or 'gastrotourism' in St Petersburg. They are also preparing to start offering CCI-related courses in 2017. Smolny College is providing the St Petersburg base and partnership for work the UK-based Calvert Forum is doing in relation to promoting and tracking CCI development in certain places in the Russian Federation which includes also Kazan and Voronezh. The Calvert Forum's published plans include mapping St Petersburg's creative industries to get a comprehensive picture of the city's creative economy, understanding the professionals that constitute the creative community, and helping raise the profile (in Russia and internationally) of the city's creative industries. Developing a Creative Cities Index and producing creative cities case studies. The case studies would look at international cities that have successfully established a dynamic creative economy.

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[20] Although the Centre itself was fairly dormant, its founder has been very active in St Petersburg and in other parts of the Russian Federation promoting understanding of CCIs and their potential and is well-known in this role. He has also been involved with setting up two CCS/CCI hubs in St Petersburg.

Beyond St Petersburg, creative industries development is going on in specific contexts, usually the result of the vision and energies of individuals. For example in the Republic of Karelia a lot is being done in terms of support for design and crafts development in the context of its tourism development policy.

There is also a major Nordic Council of Ministers (Norden) project entitled 'Joining Creativity' in which the North West Region is participating and where the lead partner there is the Karelian Resource Centre for Public Organisations (Карельский ресурсный Центр общественных организаций - КРЦОО). The stated main aim of the project is to enhance economic cooperation and trade between the Nordic countries and North-West Russia and contribute to the successful internationalisation of creative industry firms in the Baltic Sea Region. The project utilises and builds on existing knowledge and experiences of previous projects on creative industries in North-West Russia and the Nordic countries, in particular the ongoing analysis of the Norden's creative industries projects in North-West Russia, as well as the ongoing analysis of the CCI policies within the NDPC partner countries conducted by the Northern Dimension Institute/Aalto University.

The project has 3 target groups:

- Entrepreneurs and SMEs in the fields of creative industries as well as businesses in other sectors who are interested in exploring the possibilities of creative sector products, services or skills
- Support organizations related to creative industries
- the Education sector

The project started in February, 2016 and is due for completion in April, 2017.

In autumn 2013, consultations began on a new federal government programme for cultural policy. In May 2014 a draft framework for this policy was published, having been prepared by a working group headed by the Chief of the Presidential Administration. In December 2014 it was approved by President Putin, who in doing so contrasted the eternal values of Russian culture with the devaluation of the rouble. In the document the state's exclusive and absolute role and its complete responsibility for culture is made absolutely unambiguous.

In February 2016 the new Cultural Strategy for the period until 2030 was issued and seems to have been more limited than what seemed to have been in the framework document issued in late 2014.[21] A key element in the Strategy is that it affirms unambiguously and repeatedly that state cultural policy is a national priority. It also sees state cultural policy as the most important factor for increasing the quality of life and for fostering positive social relations as well as being able to guarantee the 'territorial integrity' of the Russian Federation. In other respects it is, for a reader from the outside, a curious, repetitive but in many respects fascinating document[22]. Although references are made to the Internet and there are a couple of mentions of CCIs (see below), in many respects it reads as if there have been no developments in culture over the past fifty years. Again, for an outsider, despite its assertions, it reads as being very defensive. As well as focussing on such matters as the Russian Federation needing to be in the top five countries in terms of the number of UNESCO World Heritage sites (it does not explain why this is so important), it also deals in even more detail with divorce, marriage and 'family values'.

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[21] Правительство Российской Федерации. Распоряжение от 29 Февраля 2016 г. No 326-р. Стратегия культурной политики на период до 2030 года.

[22] There is at times an explicit and implicit xenophobic element in it (e.g. Russian history being subverted and negative reference to foreign cultural influence) but paradoxically there seems simultaneously to be an obsessive interest in foreign recognition and approval. Examples include training young Russian musicians in order to win international competitions, being in UNESCO's top five countries in terms of World Heritage Sites, being seen to spend less than other European countries on culture etc.).

The Strategy begins by a statistical review of what happened in terms of cultural provision between 1990 and 2014.[23] It then refers to the threat of a humanitarian crisis if action is not taken, hence the need for the Strategy, with the country's most dangerous possibility for a humanitarian crisis coming from:

- lowering of the intellectual and cultural level of society
- devaluation of accepted values and distortion of value frameworks
- growth of aggression and intolerance and behaviour associated with it
- deformation of historical memory
- negative evaluation of positive periods of patriotic history
- the spreading of a false view of the Russian Federation being historically backward
- atomisation of society and rupture of social ties (friends, family, neighbours)
- the growth of individualism and indifference to the rights of others.

It argues that national security in the area of culture is threatened by:

- erosion of traditional Russian spiritual and moral values
- expansion of foreign cultural and information influence including proliferation of low-quality products of popular culture
- promotion of permissiveness and violence, racial, national and religious intolerance
- decreasing role of the Russian language in the world
- poor standards in the teaching of Russian at home and abroad
- falsification of Russian and world history
- unlawful threats to cultural objects[24]

At the beginning of a section entitled 'A Contemporary Model of Cultural Policy' it states that "In the Russian Federation (in contrast to the Soviet cultural policy model in which the state was the key and often only actor [субъект] in cultural policy) reinforced by legal norms there are now a variety of actors involved in cultural policy." A couple of sentences later in talking about the state as remaining the main strategic investor in culture and cultural institutions, it states "[This investment] makes the state the key actor in cultural policy" and throughout the document it is made very clear that it is the state and state cultural policy which exclusively should determine and control everything. It does this even when setting out a clear intention, for example, to introduce legislation to facilitate PPPs and sponsorship to provide extra-budgetary resources for state priorities related to the cultural sector.

The main priorities in the Strategy apart from dealing with a serious problem of heritage restoration at both federal and regional levels, which is clearly very much a major priority, includes:

- private-state partnerships and encouragement of sponsorship
- development of a serious statistical framework for monitoring cultural policy and system performance
- maintaining the recently introduced salary arrangement for cultural workers (to be at, and not below, the national average)

[23] Amongst the figures cited in the document it includes one which suggests the per capita spending on culture rose from Rbs 194 in 2000 to Rbs 2,853.2 in 2014. Even with this apparent staggering increase it quotes foreign statistics showing that the Russian Federation per capita spend is lower than almost all EU and OECD countries (except Portugal, Romania, Bulgaria and Greece) and one eighth of the level in Norway and one quarter of that of France. It also draws attention to the great regional disparities in terms of cultural spending.
[24] It seems to have in mind such things as pillaging at archaeological sites.

- continuing education for cultural workers
- support for Russian cinema
- support for the animation studios and developing their work
- affirmation of the role of the 'creative unions'
- increasing the number of Russian language schools/classes abroad
- taking steps to promote the Russian language especially where it has lost ground since the collapse of the Soviet Union
- supporting groups abroad promoting Russian heritage there
- tackling the serious regional disparities in cultural provision
- infrastructural improvements such as modernising the acoustics and sound systems of philharmonic halls
- increasing the number of special music schools etc so that they are attended by 15% of children
- promoting the 'right' version of history amongst young people
- development of the patriotic-militaristic upbringing of citizens and a heightening of the prestige of serving in the armed forces and law enforcement organs of the Russian Federation.

Concerning the creative industries, there are two fleeting mentions only. It is clear that there is no intention in the document to act as a catalyst for CCI development or even publicly endorse them as a serious part of the new policy but some would see the fact that they are mentioned at all as a step forward in terms of the national level. One of the references mentions simply 'promoting the development of the cultural industry' but without any context or further comment.[25] The other refers to the fact that "In certain areas of cultural activity, in particular in the sphere of creative industries, competition for receiving state financial support will remain forever."[26]

At the end of the 2009 publication 'Cultural Industries in Russia' the authors produce a SWOT analysis for the Russian creative industries. It is interesting to go through it but in some respects a little disappointing as the climate and framework seems not to have changed[27] even if there has been an increase in the scale of them thanks to the private and independent sectors.

The difference between the state/government sector and the private sector in terms of development of the creative industries is dramatically exemplified by advertising. Although as a real industry, advertising appeared only in the early 1990s, during the last twenty years it has developed extremely impressively in the Russia Federation, reflecting all the radical social and economic changes that have taken place, the technology revolution and radical changes in how people share and receive information and communicate. It has become a major industry with a massive turnover and in the process creating well-paid serious jobs. It also has its own mature professional and representational bodies, something lacking in relation to other creative industries.

[25] Правительство Российской Федерации. Распоряжение от 29 Февраля 2016 г. No 326-р. Стратегия культурной политики на период до 2030 года, p. 35.
[26] Правительство Российской Федерации. Распоряжение от 29 Февраля 2016 г. No 326-р. Стратегия культурной политики на период до 2030 года, p. 17.
[27] Katja Ruutu, Aleksander Panfilo, Päivi Karhunen: Cultural Industries in Russia (Northern Dimension Partnership on Culture, 2009), p. 59

4. TOURISM SECTOR IN THE RUSSIAN FEDERATION

Unlike in the case of the other ten NDPC countries, in the Russian Federation in many respects the CCIs and tourism, or rather cultural tourism, are not perceived as separate areas. It could almost be said that in certain contexts at an official discourse level, cultural tourism and cultural and creative industries are synonymous. Also in certain official contexts, sometimes the impression given is that CCIs are a sub-sector of cultural tourism. Although such categorisation could possibly be helpful, it is evident that it exists in reality because there is a very poor understanding of the creative industries in conceptual, economic or social terms. This is particularly true within the state sector in general, including at the municipal and federal policy-making level. It is a little reminiscent of the recent past when any commercial or private sector cultural activity in former Soviet countries often used to be sweepingly described, or rather dismissed, by officials as 'шоу-бизнес' (show-business).

There is a positive side to this difference. While it may throw up serious, possibly damaging, issues in terms of CCI development and failing to take sufficient account of major new economic and social realities in society, there is not the problem in the narrower context of this study as - there may be with the other ten NDPC countries - of searching for linkage between two different sectors, i.e. CCS/CCIs and tourism. In the state policy and planning context, in the Russian Federation the focus is very much (cultural) tourism with the CCS/CCIs having a support 'walk-on' role.

While there is no question about the tourism potential of the Russian Federation, current performance and statistics do not always reflect this potential. According to the most recent World Economic Forum figures which include the year 2013, the travel and tourism sector accounts for only 1.4% of GDP which means that the country ranks 129th out of 138 countries which were assessed.[28] On the other hand in 2012 the Russian Federation entered the top ten of global leaders in two indexes: international tourist arrivals (9th position) and international tourism expenditures (5th position).

Looking at the North West Region and St Petersburg in particular it is worth noting that apparently half of all tourists who visit the Russian Federation visit St Petersburg although it may be only for a few days. Although collection of tourism statistics and data is recognised as a weak area even at an official level, the importance of tourism as an economic sector and the development trends in St Petersburg are clear. Until the last two years the Russian Federation did not produce Tourism Satellite Accounts, a standard tool in many countries for measuring in a more accurate way the contribution of tourism to the economy. Russia’s Federal State Statistics Service (Rosstat) and the Federal Agency for Tourism (Rustourism) have been working towards the production of a Tourism Satellite Account and in 2014 the activities classified as tourism were approved by the Ministry of Culture since when there have been pilot calculations on the contribution of tourism to the economy.

It is estimated that there are 1,500 firms working in its tourism sector and that there are 32,000 places for tourists to stay, including hundreds of hotels of different categories with the rest being hostels, flats, recreational leisure facilities, sanatoriums and children’s camps. The general policy and trend is to increase the diversity and quality of the tourist offer. It is estimated that just over half a million people are directly employed in the tourist industry. If one adds to that figure those considered to indirectly employed by the tourism sector it amounts to a figure of around 3.9 million jobs or 5.6% of total employment.

It was mentioned earlier that St Petersburg see itself as a ‘festivals city’ as well as a ‘museums city’ and there are more than twenty international arts and cultural festivals which take place in the city each year

[28] World Economic Forum: The Travel & Tourism Competitiveness Report 2015 - Growth through Shocks (2015), p. 368

and eighty other festival-type events. Music has been a particular focus in connection with festivals and tourism development partly because there is not a language barrier and partly because the city has such a large number of palaces and other historical building which are particularly good for chamber music'

In the 1990s when there was an absence of attention to the problems of the tourist industry. This may have been at least a small part of the reason for a massive shift by Russian Federation citizens from internal tourism to foreign travel. In 1995 the volume of outbound tourism was 2,607,000 departures, in 2002, it had grown to 5,044,000 departures according to official statistics. Against this background of neglect of the tourist industry's problems especially in terms of inbound tourism and domestic tourism in the country, the first long-term Tourism Development Programme for St Petersburg was for the period 2005-2010.

This Programme seems to have had an impact. In 2005 the number of tourists was 3.7 million which had increased significantly to 6.2 million in 2013 and of whom 48% were foreign tourists. To absorb this significant increase the number of hotel rooms increased between 2005 and 2013 by 35%. One significant sector of tourism for St Petersburg is the Baltic cruise traffic. Between 2005 and 2013 it more or less doubled reaching a figure of 573,000 tourists.

There is local legislation governing tourism activity in St Petersburg. The 'Law of Saint Petersburg concerning tourist activity' was passed at the end of 2012. It set out the powers and responsibilities of the Legislative Assembly of Saint Petersburg in the sphere of tourism development which includes:

- adoption of legislation
- control of tourism development
- establishment of forms of state support for the tourism sector

It also defines the different types of tourism and defines the cluster concept. Priority directions of tourist activity were also set and defined as 'internal, entrance, congress-exhibition, cultural-cognitive, social, amateur and water tourism'.

There are of course tourism policies at the federal unit level i.e.for oblasts and other types of federal unit as well as at often municipal level. For example, apart the tourism policy of the Republic of Karelia, its main city, Petrozavodsk, established a tourism development strategy some time ago which was developed within the framework of an ENPI CBC Karelia project 'Contemporary Old City: Improving Cross-border Cultural Tourism'.

At national/federal level, the State Programme Development of Culture and Tourism 2013-2020 is the main current tourism policy and strategy document. The Federal Ministry of Culture is responsible for implementing this state programme. The Federal Agency for Tourism is designated as its co-executor and seventeen ministries and institutions are specifically named as the Programme's participants. They range from the three Ministries of Industry and Trade, Regional Development and Sport to the Federal Service for Hydrometeorology and Environmental Monitoring to the Hermitage Museum, the Bolshoi Theatre and the Russian Academy of Sciences.

The State Programme for 2013-2020 is made up, of four sub-programmes:

- Heritage
- Art
- Tourism
- Creating an Environment Conducive to the Implementation of the State Programme.

It again illustrates the extent to which culture and tourism are intertwined in the Russian Federation and this is perhaps additionally influenced by the fact that they are both within the competence of one state body, the Ministry of Culture. In the context of the launch of this State Programme at the end of 2012, two 'federal targeted' programmes were incorporated into it. They were the 'Culture of Russia (2012-2018) Programme and the Developing Domestic Tourism and Inbound Tourism in Russia (2011-2018), the latter with a sizeable budget specifically for the tourism sector. The Developing Domestic Tourism and Inbound Tourism in Russia (2011-2018) identifies three key tasks: the development of tourism and recreation products, improvement of the quality of services and promotion of tourism products in international and domestic markets. Its aim is to stimulate tourism in the Russian Federation, not throughout the country, but only in the most promising regions in the context of inbound and domestic tourism development. For this purpose a cluster approach is being used. There will be two types of clusters, one for tourist recreational centres and car tourism with financing by means of state funds and private investments.

Another major programme which has been running since 2007 and on the principle of a cluster approach and public-private partnership is for special economic zones of 'Tourism and Recreation'. In the context of this programme construction of tourist objects, including associated infrastructure and located in different regions of the country is being carried out. This programme as an example is supposed to spend a very sizeable amount of government investment on one special area in the Altai region. Tax incentives, rent privileges, a free customs zone regime, partial subsidising of the interest rates of bank loans are established for the residents of such specific areas.

As has been mentioned that while policy rests with the Ministry of Culture, the executive body for tourism is the Federal Agency for Tourism. Priorities for action by the Federal Agency for Tourism include:

- Establishing the priority destinations for tourism development which are Crimea, Sochi, Northern Caucasus, the Arctic, Lake Baikal, the Altai region, the Volga region and the Far East
- Improving vocational training, including improving the quality of teaching and learning materials
- Improving the formulation of tourism offers in line with consumer interests and improving communication techniques
- Improving the identification of target markets
- Addressing price competitiveness which requires interdepartmental co-operation
- Creating an integrated system for ensuring the security of tourists.

The new tourism marketing strategy for the Russian Federation has involved opening National tourist offices (NTO) abroad and flagship tourist information offices in transport hubs, notably in Moscow, St Petersburg and Sochi airports, and an inter-regional co-branded advertising campaign under the single brand identity "Time to rest in Russia".

Other stated priorities related to tourism development have included creating audio tours for certain region, developing and promoting a national events programme and calendar, piloting a virtual tourist information office in Sochi and creating a multi-lingual national tourism portal.

This State Programme Development of Culture and Tourism 2013-2020 was to some degree a harbinger of the discussions that took place during 2014 on the new Cultural Policy which as mentioned earlier was given presidential approval in December 2014. As the official announcement for the State Programme stated, "The State Programme is aimed at enhancing the strategic role of culture as a moral and spiritual foundation for personal development and social cohesion, and developing tourism in order to introduce Russians to the world's culture and environmental heritage."

The strong linkage of tourism and culture is made even more explicit when explaining the State Programme's three main objectives:

- preserving cultural and historical heritage and ensuring that items of cultural value are accessible and that people are able to participate in cultural life, thereby unlocking the nation's creativity
- improving the quality and availability of services in domestic and international tourism
- Creating a favourable environment for the sustainable development of tourism.

Ten expected 'result areas' are listed which include the following:

- strengthening of Russia's common cultural space and the spiritual unity of the Russian multiethnic population
- the transition of the industry to an innovative development track, transforming culture and tourism into the most developed and attractive social activities, including by actively implementing IT solutions
- an improvement in public governance and streamlined spending as a result of creating mechanisms to counter culture-related threats to national security by working together with professional art unions and civil society organisations
- Increasing the view of Russia as a country with a great culture and a vibrant and welcoming tourist industry.

This is followed by a list of performance indicators, mainly cultural rather than touristic, but one explicitly so - the increase in the number of people accommodated in hotels and guest houses compared with 2012.

In the new Strategy for Culture issued in 2016 to cover the period up to 2030 only passing, but specific, mention is made to the development of tourism especially in relation to small historical towns and the need to focus on them to find ways of providing direct or indirect financial support for restoration and improvement of their infrastructure.[29]

In the same document, it also refers to future use of the cultural and tourism potential of those areas of the country which have an ethnic or multicultural profile and of branding territories for domestic and incoming tourism especially in relation to educational, ethnic and pilgrimage tourism.[30]

The biggest branch organization in the Russian tourism sector is the Russian Union of Travel Industry (RST), established in 1993. This organization includes tour operators, agencies, hotels, health resorts, insurance companies, transporting companies, consulting- and IT-companies, educational institutions, mass media, public and other organisations that deal with tourism. It has well over 3,000 members organised into ten regional groupings, one of which is the North West Region. It has specialist committees covering areas such as resort tourism, domestic tourism, insurance and so on.

It sees its main task as “creation in the country of a civilised tourism market and raising the competitiveness of the national tourism offer and services in the sphere of tourism.[31] Of seven areas in which it states it works one is specifically the creation of new tourism products. This is in addition of course to working on such things as legislative and legal matters, marketing, training, information provision and so on. In the sphere of legislation RST has been trying to get the State Duma to introduce a

[29] Правительство Российской Федерации. Распоряжение от 29 Февраля 2016 г. No 326-р. Стратегия культурной политики на период до 2030 года, p. 13.
[30] Правительство Российской Федерации. Распоряжение от 29 Февраля 2016 г. No 326-р. Стратегия культурной политики на период до 2030 года, p. 29.
[31] “Основные задачи РСТ – создание в стране цивилизованного туристского рынка и повышение конкурентоспособности национального туристского продукта услуг в сфере туризма.” Taken from its website.

law which gives tax-breaks to employers who send their workforce on holiday to any region of the Russian Federation arguing that this would be a big stimulus for domestic tourism and for the economy.[32]

[32] It is perhaps worth mentioning here that there have been at least parts of the RST, if not its leadership, who have been keen on a departure tax to be introduced for those going on holiday abroad, the argument being that it would also increase domestic tourism demand.

5. CCS/CCI-TOURISM SECTOR COOPERATION IN THE RUSSIAN FEDERATION

Earlier in this report it was mentioned that the understanding of tourism and cultural tourism in particular and of the CCS/CCIs in the Russian Federation and not only at an official level is that they often are part of the same thing. Culture and tourism additionally come under the same Ministry, the Ministry of Culture which because Russian ministries traditionally work in a very vertical way probably reinforces this. In that sense one can argue that culture-tourism is in many ways integrated and therefore there is a considerable level of cooperation at the highest level.

Where it becomes more complicated is when one looks specifically at CCI-tourism cooperation. Here there is the reverse. Because CCIs have never been and are still not a sector under the clear responsibility of the Ministry of Culture at a federal level, the traditional vertical lines of power and administration means that the CCIs and the federal ministry responsible for tourism do not have a relationship nor the mechanisms to work together. This is a very serious impediment to the CCIs and the tourism sector cooperating at that level.

The traditional vertical structures and lines of power, even now that some attention is being given to different bodies working together in some areas, creates problems as one moves down the system's hierarchy. To take an example, we described earlier the situation in St Petersburg concerning CCIs where there were three narrowly-focussed city committees (Innovation, Industry and Culture) that had some reason to take an interest in the CCIs but because it had not been made which one was the 'owner' or sponsor of them, they were de facto abandoned by the system.

At that same St Petersburg level, the traditional vertical structure can sometimes cause problems in terms of even existing cooperation. A very useful and extensive calendar of events, a serious contribution to cultural tourism information provision in the city and which has been a joint activity of the Culture and Tourism Committees for many years is under threat. This seems to be because the Tourism Committee wants a smaller number of selected events highlighted. Their reason for this may make sense within the terms of their remit but on the other hand it will be unfortunate to see the culturally, as well as touristically, and more extensive publication disappearing.

Where there are good examples of cultural sector and tourism sector cooperation it therefore tends to be between tourism and the 'big players' - Hermitage, Mariinskii and so on which are in many respects 'federal' organisations.

Where there are many other examples of good CCS/CCI cooperation then tends to be at the other end of the spectrum - the individual. Individual connections and personal networks still seem to play a very strong role in things happening in the Russian Federation.

6. THE RUSSIAN FEDERATION'S BILATERAL AND MULTILATERAL CCS/CCI AND TOURISM COOPERATION WITH NORTHERN DIMENSION COUNTRIES

As explained earlier, this report is focussed only on St Petersburg and the North West Region. The North West Region has positively the most active international links of any of the regions in the Russian Federation partly because of its geographical location and partly because of the high level of cooperation that has been developed by and between the countries around the Baltic Sea. This cooperation happens through an extensive range of administrative and organisational structures focussed on various areas including cultural cooperation[33]. In relation to the latter there are some long-standing links. Not surprisingly, in the cultural sphere the North West Region's links with Finland are particularly strong and established.

The Northern Dimension Partnership on Culture (NDPC) has been a significant positive influence in contributing to the setting in motion of serious local discussion and increased understanding in the North West Region and beyond of what the CCI phenomenon is about and what the creative economy concept means in practice. The NDPC was established in 2010 creating a fourth Northern Dimension cooperation area. At an early stage, because there were already established organisations and platforms in the region involved in culture, it was decided that the NDPC should focus specifically on the cultural and creative industries where it has been active in organising and supporting meetings and training, promoting research, developing projects and holding a thematic annual Forum.

Apart from CCS/CCI cooperation through governmental structures, there are some good examples of independent initiatives of which the White Nights Conference (see case study) is one. It is an international cross-platform business conference which is becoming important and was the initiative of a St Petersburg company.

The time constraint for this project meant that other areas of the North West region where interesting activity is taking place could not be examined in any serious way. For example apart from Karelia there are other places that would have been worthy of attention. There are quite a few cultural institutions in Arkhangelsk which are already involved in cross-border activities with partners in the Barents Region. Music and art schools, the philharmonic society, museums, professional and amateur art groups, producing companies, many of them have already had experience of cooperation with foreign partners often through joint projects.

There has also been a number of projects under the Kolarctic CBC Programme. The latest Programme is for 2014 - 2020. Specifically cultural projects have included Crossover Crafts - Artisans without Borders (to recreate, preserve, transfer and document traditional handicraft skills to contribute to the preservation and profitability of traditional handicrafts), New Horizons (promoting intensified cultural cross-border cooperation) and The Northern Beauty (co-operation in arts and culture, especially concerning visual arts and art history), Northern Cross-Border Cultural Experts or SWOP (exchange of students and teachers between Finnish Northern Lapland and Murmansk region covering culture, education and entrepreneurship), Barents Cultural Co-production Network (promoting cultural cooperation planning).

In the area of tourism, although currently in very turbulent times throughout the region, cooperation is strong, not least because all the countries are natural target markets for each other. The dramatic drop in the volume of Russian tourists to neighbouring countries has not been positive but there have been

[33] Examples include the Arctic Council (AC), the Barents Euro-Arctic Council (BEAC), the Council of the Baltic Sea States (CBSS) and the Nordic Council of Ministers (Norden).

positive developments too. Baltic cruise activity is a very powerful motivation for cooperation and with the new special visa-free arrangements for cruise passengers it should have a very positive benefit for St Petersburg in terms of its tourism economy.

World Heritage Sites: 26 (16 cultural and 10 natural)

Cultural sites:

- Bolgar Historical and Archaeological Complex (2014)
- Historical Centre of the City of Yaroslavl (2005)
- Ensemble of the Novodevichi Convent (C1097) (2004)
- Citadel, Ancient City and Fortress Buildings of Derbent (2003)
- Historic and Architectural Complex of the Kazan Kremlin (2000)
- Ensemble of the Ferapontov Monastery (2000)
- Church of the Ascension, Kolomenskoye (1994)
- Architectural Ensemble of the Trinity Sergius Lavra in Sergiev Posad (1993)
- Historic Monuments of Novgorod and Surroundings (1992) • Cultural and Historic Ensemble of the Solovetsky Islands (1992)
- White Monuments of Vladimir and Suzdal (1992)
- Historic Centre of Saint Petersburg and Related Groups of Monuments (1990)
- Kizhi Pogost (1990)
- Kremlin and Red Square, Moscow (1990)

Cultural transnational properties:

- Struve Geodetic Arc (with Belarus, Estonia, Finland, Latvia, Lithuania, Norway, Republic of Moldova, Sweden, Ukraine) (2005)
- Curonian Spit (transboundary with Lithuania) (2000) Natural sites:
- Lena Pillars Nature Park (2012)
- Putorana Plateau (2010)
- Natural system of "Wrangel Island" Sanctuary (2004)
- Central Sikhote-Alin (2001)
- Western Caucasus (1999)
- Golden Mountains of Altai (1998)
- Volcanoes of Kamchatka (1996, 2001)
- Lake Baikal (1996)
- Virgin Komi Forests (1995)

Natural transboundary property:

- Uvs Nuur Basin (transboundary with Mongolia) (2003)

Tentative List: 27 properties

- Testament of Kenozero Lake (2014)
- Virgin Komi Forests (re-nomination) (2014)
- Western Caucasus (re-nomination) (2014)

- Mamayev Kurgan Memorial Complex "To the Heroes of the Battle of Stalingrad" (2014)
- Bashkir Ural (2012)
- Architectural and Park Ensemble "Tsar's Country Estate Izmaylovo" (2011)
- Russian Kremlins (2010)
- Bikin River Valley (Extension of the "Central Sikhote-Alin") (2010)
- The archeological site of Tanais (2009)
- Ensemble of the Astrakhan Kremlin (2008)
- The Ilmensky mountains (2008)
- Krasnoyarsk Stolby (2007)
- The Great Vasyugan Mire (2007)
- Daurian Steppes (Daursky State Biosphere Reserve) (2005)
- The Commander Islands (Comandorsky State Nature Reserve) (2005)
- Magadansky State Nature Reserve (2005)
- Petroglyphs of Sikachi-Alyan (2003)
- Great Pskov (2002)
- Church of Prince Dimitri "On Blood" (2001)
- Historic Center of the Yenisseisk (2000)
- The ensemble of former city building of Sviyazhsk (1998)
- Centre historique d'Irkoutsk (1998)
- Cathedral of Christ the Saviour (1998)
- Rostov Kremlin (1998)

Historical and Cultural

- Jeyrakh-Assa Reservation (1996)
- The architectural and historical complex "Shelter of count N.P. Cheremetev" (1996)
- The Valamo archipelago (1996)

Intangible Heritage Lists: 2 elements on the Representative List

- The Cultural Space and Oral Culture of the Semeiskie (2008)
- The Olonkho, Yakut Heroic Epos (2008)

Memory of the World Register: 13 inscriptions

- The Sobornoye Ulozheniye of 1649 (2015)
- The Laurentian Chronicle 1377 (2013)
- Ostromir Gospel (1056–1057) (2011)
- Tolstoy's Personal Library and Manuscripts, Photo and Film Collection (2011)
- Radzwills' Archives and Niasvizh (Nieśwież) Library Collection (2009) (submitted by Belarus in cooperation with Finland, Lithuania, Poland, Russian Federation and Ukraine)
- "Codex Suprasliensis – Mineia četia, Mart (The Supraśl Codex – Menology, March)", jointly with Poland and Slovenia (2007)
- Historical Collections (1889-1955) of St. Petersburg Phonogram Archives (2001)

- Archangel Gospel of 1092 (1997)
- Khitrovo Gospel (1997)
- Slavonic publications in Cyrillic script of the 15th century (1997)
- Newspaper collections (1997)
- Maps of the Russian empire and its collection of the 18th century (1997)
- Russian posters of the end of the 19th and early 20th centuries (1997)

Creative Cities Network: 1

- Ulyanovsk – Literature

Legal instruments: 23 ratified and 16 non-ratified

- Convention on the Safeguarding of the Intangible Cultural Heritage: non-ratified. Position: favourable. Considering ratification.
- Convention on the Protection of the Underwater Cultural Heritage: non-ratified. Position: unfavourable.
- Convention on the Protection and Promotion of the Diversity of Cultural Expressions: non-ratified. Position: favourable.
- International Convention against Doping in Sport: ratified (29 December 2006).

UNDP HDI - Russian Federation is 50th

7. CASE STUDIES

7.1 Via Hanseatica Trip planner and Mobile App

Via Hanseatica is a 580 kilometre long tourism route, that connects three countries - Latvia, Estonia and Russia. The route from Riga winds through Estonia and ends in St. Petersburg. One of the merits of Via Hanseatica is that it facilitates tourists getting acquainted with the rich tourism offer outside the big cities.

Nowadays and increasingly, people want information at their fingertips when they travel. To address this trend an innovative trip planner (http:/travel. viahanseatica.info) has been developed for tourists and tour operators that offers free of charge individual tourist routes along the Via Hanseatica.

Using this portal, one can get an idea of what the Via Hanseatica regions offer relatively quickly. Site visitors are offered options:

- to use on of the previously prepared thematic routes as a basis for their next holiday
- to plan a trip according to their individual needs and interests.

To draw up an individual itinerary, visitors need to know how many days will be devoted to the trip, as well as the place where it will begin and end. According to the choice made by the tourists, the trip planner will immediately draw up a route while informing them of the total length of the route and whether or not the selected tourist attractions can be viewed in the available time.

After creating the route, it can be printed, saved for reuse or be forwarded by e-mail. To save the route, a special code is generated, which is then used when wanting to use the created itinerary again. With the help of this code, drawn up beforehand the route can also be accessed through a mobile phone using the Via Hanseatica mobile application. The mobile phone application is designed for both Android and iOS phones and works well online and offline.

Time did not permit any in-depth research in the Via Hanseatica project in general but during the research visit to Russia several positive comments were made particularly in relation to the engagement and enthusiasm for the project of the municipalities along the route. It is also a positive example of three neighbours - Latvia, Estonia and the North West Region - working together and sharing their interesting common heritage.

7.2 DeLaRuk

Elsewhere in these reports we have drawn attention to the fact that design is one of the CCIs where it is very easy for anyone to see its value-adding potential in other areas, including tourism. DeLaRuk is a project which brings together the biggest off-line community of designers and makers creating artisan objects.

Based in St Petersburg, but working throughout the Russian Federation, the project's aim is to produce and promote quality designer and hand-made items. The project is well-established having been started in 2008.

DeLaRuk achieves its aim through organising festivals, carrying out marketing campaigns, making exhibitions and running master-classes. All of this is done to help people wanting to develop their creative business. Master-classes are organised for children as well as adults and its target audience includes everyone, including those who simply want to turn their creative hobby into a business. While not having a specifically tourism interest, some of the makers and designers of course have foreign visitors to St Petersburg and the Russian Federation as potential customers for what they create.

DeLaRuk was started by a graduate of the St. Petersburg Academy of Art and Industry, together with her husband. They wanted to create a design centre where talented people could invent, design and create a variety of useful and functional objects. Unfortunately, this original concept, what we would now call a design incubator, was a little bit ahead of its time. Instead they developed the concept of a 'festival' for makers of original things such as jewelry, toys, designer clothes and accessories. The festival format gives the chance for makers and producers to meet their customers which can often be a useful learning experience or source of further inspiration.

From the first modest one-day festival they have built DeLaRuk into a very interesting commercial and socially valuable enterprise and very much in line with new trends related to creative tourism.

7.3 Kaykino Creative Projects

Kaykino is the creation of two enterprising individuals who, in 2010, moved out of St Petersburg to do something different about seventy kilometres away in Leningrad Oblast'. Victor Grachev is a sculptor and his wife Olga is a dynamic business consultant with an interest in the fashion industry. Their company/NGO works in the areas of culture and information and is dedicated to the development of individual creativity creative industries entrepreneurial activity.

In St Petersburg during the research visit the Grachevs were mentioned several times and at the end of the visit at the NDPC Forum, Olga Grachev gave an inspiring presentation. The thrust of their activity is to promote innovative ways of social and economic development through cross-cultural communication between the city and rural/provincial areas and between art and business through partnerships and diversity. Their main activity areas are:

- marketing (strategies, communication, international partnerships, development of new commercial opportunities related particularly to fashion the creative industries)
- social and economic development of provincial/rural communities and the places in which they live i.e. community development
- development of creativity.

They develop and coordinate projects, provide consultancy, run seminars and training sessions, organise events, exhibitions and festivals to support business start-ups and businesses which are already established. They work with the local municipal authorities to achieve this as well as working with individual clients and creative communities.

Through their work they are not only developing creative industries activity in provincial Leningrad Oblast' but contributing to the creation of more animated and dynamic places in the region around St Petersburg which is seen by some of the tourism planners as a potential tourism offer in addition to what the city itself has to offer.

7.4 Arkhangelsk Region

As explained elsewhere in this report, a serious time constraint meant there was no opportunity to explore first-hand other places in the North West Region where interesting creative industries activity is taking place and sometimes with a tourism connection. One of those places is the Arkhangelsk Region.

In February 2016, a three-day intensive culture and tourism 'accelerator session' was held which was part of a longer accelerator programme which had been organised by the Arkhangelsk Regional Development Corporation and the Regional Ministry of Culture. Interestingly, the event attracted 160 expressions of interest which suggests there is a real demand for this kind of accelerator activity.

The event was run by Ekaterina Sachkova of the Creative Industries Agency in Moscow and by Dmitry Milkov from St Petersburg was represented by the Director Ekaterina Sachkova (Moscow) and by the Board member- Dmitry Milkov, founder of the Centre for the Development of Creative Industries in St Petersburg.

The cultural and tourism accelerator was something completely new for the Region. The expected output was to have created effective, viable teams who have created designed and packaged projects. In April 2016 there was a presentation or 'pitching' of the projects to potential investors. The pool of partners and investors to whom the projects were presented of course included the Development Corporation and the Arkhangelsk Region Ministry of Culture. They chose the finalists.

This is a very concrete and positive example of an initiative to get the CCI sector and tourism working together to produce something very practical through encouragement of new projects creating new tourism products and services.

7.5 Karelian Crafts and Design Business Incubator Project, 2007-2013

In this report references have been made to the Republic of Karelia and of interesting creative industries development work has been going on there especially related to crafts and design. Much of what is happening has flowed from the Crafts and Design Business Incubator project which had as its aim the establishment of an innovative creative sector economy there. The main activities of the project included:

- study of European experience of state support for development of the creative industries
- study of the local situation in Karelia
- a series of expert seminars in the framework of the study
- designing a core creative cluster in Petrozavodsk
- a package of strategic and practical documents for the development of the creative sector. in Karelia
- technology-based design of competitive design products for selected consumer markets.
- creation of a Design Centre and equipping it appropriately
- creation of a Craft Business Incubator and branches of it
- establishing a system of further education and professional development, including re-skilling
- Marketing of creative industry products, new products and services.

The project significantly assisted the development of the creative economy of the Republic of Karelia on which it has been building ever since. It produced two important strategic documents which enabled the way forward for government support for creative businesses. Management in the sphere of the creative industries and crafts support was developed and the Republic's creative economy support infrastructure was created.

The Center for Cultural Initiatives was a partner and acted as the coordination centre and is still actively working with the authorities in Petrozavodsk running training and other events in the region. The project and further work and developments since 2013 have improved the professional and business skills of crafts makers and creative industries actors leading to improvement of the design of existing crafts and not least souvenirs. New product activity was launched related to the creation and promotion of Karelian souvenirs into new markets which is economically important in the local context both in terms of tourism and in terms of the crafts and creative industries.

It can be seen that Karelia's experience is particularly relevant to the linkage of the creative industries and tourism development in the North West Region and beyond.

8. COUNTRY CONCLUSIONS AND OBSERVATIONS

In the context of the theme of our project it would be foolish to pretend that these are the easiest times. Whatever the cause, the problems currently besetting the Russian Federation are also affecting its Northern Dimension neighbours negatively. While devaluation can have some positive economic consequences, for example in terms of boosting exports, since the beginning of 2004 the Russian ruble has devalued against the Euro by 55% and against the dollar by 58%. Such a dramatic decline in the ruble's value has inevitably impacted on Russian outward tourism, an important proportion of which went to neighbouring countries such as Finland, Estonia, Latvia and Lithuania for whom the Russian market had been their biggest in terms of number of visitors.

The economic context and its impact has not been confined to devaluation. The Russian economy, according to usually reliable sources, showed the worst performance among developed and developing countries in 2015 with a decline of GDP of 3.5% compared with 2014. This in turn is having a knock-on effect in 2016 with indications that unemployment rates may have been rising as both the private sector and the state sector make savings by reducing their workforce.

This economic background is directly relevant to both CCI development and to tourism development, and provides an argument for a fresh approach to both. In the case of CCI development at present it is not clear that existing policy and current policy-thinking at federal, regional and municipal levels, with notable individual exceptions, are making the connection between the need for a 'new economy' and the role that the CCS/CCIs can play in this. In some respects it is difficult to understand the reasons for this. Not only European, but also international experience, strongly suggests that whatever other benefits CCI development may bring, virtually no other areas of the economy can compete with it in terms of employment creation. Equally important is the fact that a large proportion of the jobs and new employment created in the CCS/CCI sector go to younger people.

While the luxury goods sector in the Russian Federation hit a record in 2015 with Rolls Royce apparently having its best year since it started doing business with Russia, the number of Russian nationals travelling to European destinations dropped by 30-50% between 2014 and 2015.

Aside from the economic context, and obviously affected by it, the general international political situation has not been helpful either. There are multiple reasons for this, the main ones so well-known that they need no mention here. In the Northern Dimension context, it was very positive that early in 2016 the Nordic Council of Ministers resumed cooperation with North West Russia (which had been broken off in January 2015) and gave some indications of what the immediate future programme would be. Although there have been changes, and it is not 'business-as-usual' but "minimal activity" at an official level, the general aims and objectives remain the same, some new projects are being developed and hopefully in more positive political times things will develop further. Culture is not explicitly mentioned in the new programme.

The importance of cooperation between the North West Region and the wider Baltic region should be in everyone's interests if true partnership can be achieved. A lot of extremely good work has been done in this respect through NDPC activities and initiatives. As already mentioned, NDPC has as its main focus and priority for projects and funding promotion of CCI development and the connecting of CCI development to other sectors, not least tourism. The challenge is to identify clearly where this NDPC institutional policy priority intersects with current Russian Federation federal level cultural policy on the one hand and with regional, republican (in the case of Karelia), oblast and municipal policy in the North West Region on the other. It is quite understandable that the perspective on CCI development and the degree of attention it should get, will differ depending on not only the level at which policy is being made but also on specific geographical contexts and local priorities.

Mapping exercise: How could creative industries foster innovation in tourism in the northern dimension area?
Country Report – Russia

There are numerous contradictions surrounding CCI development in the Russian Federation, including in the North West Region and St Petersburg which is in this context the main focus. Sometimes it is the result of lack of awareness, lack of knowledge or even of venial ignorance on the part of politicians and planners, sometimes it is for a plethora of other reasons, many historical, or the result of the country's established administrative traditions or the recent and current cultural policy framework. Ironically in the Russian Federation even when quite serious investment is being put into CCI development, it is not recognised as such. For example, there is not a single mention of CCIs on the reasonably extensive website of the St Petersburg Culture Committee yet it has a grants scheme which by local standards generously funds both events (including what would be considered elsewhere as CCI events) and innovatory projects which has included quite a long-term commitment to CCI entrepreneur training, for example through initiatives of the Institute for Cultural Programmes and other channels.

The main thrust in policy terms of cultural tourism in the Russian Federation is heritage tourism and events tourism, the latter often meaning festivals, particularly in St Petersburg which is very much promoting itself as a 'festivals city' and particularly in relation to music. There is a paradox, however, that while training and drawing on experience from other Northern Dimension countries seems to be valued and pursued, there appears to be no festivals association in St Petersburg, nor in the North West Region. There also seems to be no national festivals association either. There have been attempts to explore and launch such an association both in St Petersburg and the North West Region but they have apparently failed because of lack of interest or commitment. At the same time, contact with the Finnish Festivals Association apparently impressed Russian festival directors and managers. Whether this inability to come together is part of a national 'zero-sum game' mentality and undeveloped post-Soviet ability to understand 'win-win' relationships, or something else, is unclear.

A similar issue seems to be present in terms of industry and professional representation and promotion of the various CCI sub-sectors. The advertising industry, which as mentioned earlier is well-established and mature, has its representative body as does the games industry to a certain extent but the other sub-sectors do not seem to have reached that stage assuming that would be a normal course of evolution. There is of course in some areas the continuing, largely unreconstructed 'creative unions', like the Theatre Workers Union, but scant evidence of the emergence of industry or professional membership organisations which have been so crucial in the development of the creative industries in so many European countries, not only as lobbyists but as partners and supporters of central, regional, municipal and local planners and governments in developing policy, infrastructures and CCI 'eco-systems'.

Time and other constraints did not permit a visit to the Republic of Karelia but what had been and is going on there in relation to CCI development was mentioned frequently and very positively. The general picture of CCI development is therefore very confused.

Notwithstanding the contradictions over the past fifteen years, the creative industries in St Petersburg, and in general, have developed themselves and there are reasons to be positive. The state sector institutional context is increasingly taking notice of them and in 2018, for example, the prestigious Higher School of Economics in St Petersburg will begin to offer a course on design management. It should also be noted that while the St Petersburg Committee on Culture seems currently to eschew specific mention of the creative industries, the St Petersburg Committee on Innovation does not have similar inhibitions and is now both taking an interest in this phenomenon and providing support presumably partly because of the increasing fragility of its original exclusively industrial base and the need to develop new areas of the St Petersburg economy.

Whatever the political or economic positioning of the creative industries in St Petersburg, the social impact may in the future in retrospect been seen to have been a slow-burning game-changer for at least three reasons. First of all it is challenging the lingering Soviet and post-Soviet official definition of culture - which was in fact reinforced in the latest version of national cultural policy - of culture being confined to heritage, 'high culture', cinema and reinvented folk culture. This can perhaps be characterised harshly, but succinctly as 'what the Ministry of Culture does is culture, what is not done by the Ministry of Culture is not culture. The Ministry of Culture does not 'do' creative industries, although that does not mean it opposes them. The federal ministry's position on CCIs may explain the apparent shyness of the St Petersburg Committee on Culture to work directly with others to make the creative industries area a priority in the context of the branding of the city as the 'cultural capital of the Russian Federation' and a cultural centre of world stature and not just a 'museum-city'.

The second reason CCI development in retrospect may be seen to have been a slow-burning game-changer that it is establishing the principle and practice of 'bottom-up' in contradiction to the Russian tradition of 'top-down'. This 'top-down' tradition of course creates the public, collective passivity which it could be argued has played and does play a major role in the Russian Federation's ongoing developmental and sustainability crises. The mushrooming of often small, 'do-it-yourself' projects usually involving young people and linked to what could be termed cultural and creative industries activity is setting a new model for civic engagement, social mobilisation and local cultural and creative development.

The third reason is that the value of human and social capital is starting to be understood in the context of an evolving contemporary society and sharing economy in which the cultural and creative industries, whatever the stage of their development, are often leading the way, with innovative creation of hubs and clusters and horizontal, democratic networks based on genuine common interests.

The comparative resilience of the creative industries in the Russian Federation was seen in the wake of the 2008 financial crisis and although the present context is unhelpful, and at times positively hostile (usually for reasons beyond the sector itself i.e. bureaucracy, corruption, lack of SME support etc), development is taking place through the efforts of the creative industries themselves and with private sector interests providing the motor.

St Petersburg is so well endowed with both historical heritage spaces and redundant industrial spaces that the capacity to grow creative clusters and begin to establish creative industries eco-systems is huge. There is however both a policy and a climate issue with a not very helpful which consists of a dialectic of vertical conservatism that confines everything into 'tidy' industrial era sectors and horizontal innovation, where borders between sectors are melting and 'top-down managed sectoralism' is a dinosaur in this post-industrial era.

In terms of tourism, St Petersburg in particular, the challenge is turning the potential into economic realities. According to the last biennial World Economic Forum Travel and Tourism Competitiveness Report, the Russian Federation ranked 103rd in the world in terms of effectiveness of marketing and branding to attract tourists.[34] It ranks 114th in terms of government prioritisation of the travel and tourism industry.[35] Its country brand strategy rating makes the country 49th.[36] In terms of marketing and branding it is perhaps legitimate to speculate whether its lacklustre performance is related to traditional state hands-on involvement in these competitive areas and inability to harness what the best CCIs in the country could produce?

[34] World Economic Forum: The Travel & Tourism Competitiveness Report 2015 - Growth through Shocks (2015), p. 424
[35] World Economic Forum: The Travel & Tourism Competitiveness Report 2015 - Growth through Shocks (2015), p. 422
[36] World Economic Forum: The Travel & Tourism Competitiveness Report 2015 - Growth through Shocks (2015), p. 427

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