REGIONAL SWOT ANALYSIS – MIDDLE-SAXONY

Version 1

D.T1.2.2

Contents

1. Executive summary

The district Middle-Saxony is famous for its centuries-old mining and folk tradition and has a strong and diverse economic structure. A well balanced mix of trades and industry as well as a strong processing industry is characteristic for its economy. The main industrial sectors are materials technology, energy technology, production technology, environmental technology and information and communication technology. Beside its economic strength, the disctrict Middle-Saxony, which is a home to two universities and several research and scientific institutions, is characterized as a an excellent science location. Due to the demographic processes, Middle Saxony has to face future problems of a decrease of inhabitants and find ways to attract skilled labour for its market.

The development of the creative industry of Saxony is very positive. The sales have increased by 9.0% from 2009 to 2010 and the number of employees has increased up to 29.922 by 1.6% in the years of 2009 to 2012. The most important subsectors are press market, software/games and advertising market. The positive trend of the creative industry in Saxony is strengthened by local and regional structures and cooperations, which are focused on future prospects of the industry and needs of the creative indsutry.

Unfortunately the statistical data of the creative industry in Middle-Saxoy is insufficient and therefore a statistical survey of 2007 was used to identify future trends for the disctrict. 482 companies of the creative industry (3.5% of overall economy) are located in Middle-Saxony. Main sectors are handicrafts and vibrant mining tradition, design market, software and games industry, film industry and the cultural festival Middle-Saxony (Mittelsächsischer Kultursommer).

The sector of handicrafts and vibrant mining tradition is represented by several museums, initiatives and woodwork around this topic. More than 40 companies of creative woodwork are making Middle-Saxony to one of the most important handicraft locations in Saxony. Another main sector is the design market, which is supported by numerous initiatives, prizes and competitions and primarily represented by photo design and exhibition design. The film as well as the games and software industry is mainly located at the University of Applied Sciences in Mittweida. The media orientated course-portfolio and affinity for this sector make the city a media-hotspot in Saxony. Beside these sectors the cultural and art festival “Mittelsächsischer Kultursommer”, which is one of the most versatile german cultural festivals, is an important factor of the creative industry in Middle Saxony. The festival attracts every year thousands of visitors.

2. Introduction / Purpose of this document

The purpose of this document is to give an overview of the demographic, territorial, economic situation and creative industry of the region of Middle-Saxony in which the project partner Aufbauwerk Region Leipzig GmbH (Project-Partner 1) and SAXONIA Standortentwicklungs- und -verwaltungsgesellschaft mbH (Project-Partner 2) operate.

The creative industries and the current situation of this sector are highlighted within the overview. The attributes, strengths, weaknesses, opportunities and threats are documentated within a SWOT-Analysis to give a brief description of the region of Middle-Saxony and its creative industry.

Within this Workpackage (D.T1.2.2) each partner gives a overview of their region. This ensures a comparability of the creative industries, structures and frameworks of all partner regions. Thus it creates a basis for further exchange of experience. On this basis a transnational SWOT-Analysis can be carried out in further steps of the project.

The partners provide a short description of the demographic, territorial and economic situation. In the next step a description and documentation of **strength and weaknesses**, which are internal factors, is carried out. These internal factors can be influenced through the partners. Beside that the **opportunities and threats** are documented as well. These are the external factors, which cannot be influenced by partners. But the external factors have to been taken into consideration as factors that are favorable or unfavorable for improvement in these fields. The results are summarized in the SWOT Matrix.

3. Regional Analysis of Partner regions

3.1. Overview

Demographic characteristics of the district Middle-Saxony:

The district Middle-Saxony as a central based county between the three big Saxon urban centres Chemnitz, Dresden and Leipzig covers an area of 2.116 km². It consists of the former autonomous counties Döbeln, Freiberg and Mittweida that were integrated to the district Middle-Saxony in 2008. As a result of this reform 53 municipalities were assigned to the new district. By the end of 2015 312.450 inhabitants lived within the district borders and the average age is 47,4 years. Due to demographic processes (constantly low birth rate; negative balance of migration) the number of inhabitants will decrease and the average age will increase in the next 10 years significantly. It means in numbers, that until 2025 the population of the district will shrink approximately to 275.000 inhabitants (-16%) with an average age of 51 years (+3,6 years). The decline in population is greater in rural areas than in the urban ones. The lack of skilled labour that is already a big challenge for companies in Middle-Saxony will be intensified in the next ten years. For Middle-Saxony, this development results in consequences that have to be tackled in the future. The district administration and the municipalities itself have the task to find ways to attract skilled labour for the labour market of Middle-Saxony in the coming years. A first good project approach is the “Nestbauzentrale” Middle-Saxony (www.nestbau-mittelsachsen.de).

Figure 1: The district Middle-Saxony (https://www.statistik.sachsen.de/)

Economic structure of the district Middle-Saxony:

Caused by the political change, a historically unprecedented phase of deindustrialization in former East Germany, which resulted in mass unemployment, migration waves and shrinking cities, was followed by a reindustrialization process which opposed to its perception in the media comprised more than single regional accretion centres like Dresden, Leipzig and Chemnitz. The backbone of economic recovery are hereby medium sized businesses of the processing craft, whereas the processing industry‘s economic growth in East Germany has been larger than in West Germany in recent years. At the end of this transformation process stood an economically strong region with a well balanced mix of trades and industry and a strong middle class.

The manufacturing sector accounts for a large part of the total economic output, compared to the average values in Saxony. The economy of Middle-Saxony is determined by the following sectors:

- Production of solar cells and solar modules
- Machine and vehicle construction / automotive supply industry
- Semiconductor industry
- Electrical engineering and electronics
- Wood, paper and printing industry
- Sheet metal and plastic processing
- Recycling industry
- Technical services
- Sensor technology
- Agriculture

According to the Saxon Statistics Office, there were a total of 107,055 employees (subject to social insurance contribution, as at June 2014) in the district. In the past the main industrial sectors of technology-oriented companies in Middle-Saxony have been:

- Materials Technology
- Energy technology
- Production technology
- Environmental and recycling technology
- Information and communication technology

In addition to its economic strength, Middle-Saxony, with the TU Bergakademie Freiberg as well as the Mittweida University of Applied Sciences and numerous research institutes, is characterized as an excellent science location.

3.2. Sectoral structure of creative Industry

The data on the share of the cultural and creative industries (CI) regarding the total value added in Saxony is currently unsatisfactory. Although there are comprehensive data for the Saxon cities of Chemnitz, Dresden and Leipzig, but the rural areas, especially the district of Middle-Saxony, was recorded only peripherally in these analyses and studies. However, in recent years, various initiatives and associations have taken on the task of closing these knowledge gaps and illuminating the importance of CI for Saxony's economy (also in rural areas).

Creative Industry in Saxony:

The sales of the Saxon CI between 2009 and 2010 increased more sharply by 9.0% (to 2.492 billion euros) than those of the overall economy by 4.6% (to 109.829 billion euros). The number of taxpayers in the CI has also increased in this period more than in the overall economy. While in the CI, the number of taxpayers increased by 1.6%, it rose in the overall economy of Saxony only by 0.7%. The number of employees (subject to social insurance contribution), which account only for a part of the overall working persons, increased from 27,626 in 2009 to 29,922 in 2012. So the increase of 8.3% was stronger than in the overall economy of Saxony (+ 4.9%). In the light of this dynamic and positive development, it can be assumed that this economic sector is firmly anchored in Saxony's economy.

A distinctive feature of the CI is its strong heterogeneity. In addition to performing and visual artists, musicians and journalists, advertising companies, designers and manufacturers of games and software are also part of the CI. The economic structure in this field is strongly influenced by liberal professions, the self-employed and a large number of one-person companies. Companies in the CI sector rather have a small number of employees. This leads to a clear dominance of small and micro enterprises in the CI. The percentage of CI companies with less than 20 employees was 93.1% in Saxony (June, 2012), while the average for all Saxon companies was 88.8%. The most important sub sectors of the creative industry in Saxony, measured by the annual turnover and the number of employees, are illustrated in Figure 2.

Sub Sector CI	Business Volume in K€ (2010)	Number of Employees (2010)
Press market	651.569	1.402
Software/Games	457.734	982
Advertising market	273.536	1.367
Design market	252.832	1.647
Music market	235.055	520
Handicraft	208.831	428
Architecture	200.525	1.329
Book market	191.455	410

Figure 2: Important Sub Sectors CI in Saxony (IAB-Regional Sachsen 01/2013)

The “Regional Association of the Cultural and Creative Industries Saxony e.V.” with its initiative "Creative Saxony - the Saxon Center for Cultural and Creative Industries" will continue to promote the development of the CI in Saxony and especially in Middle-Saxony. In cooperation with local and regional decision-makers (Department of Business Development district Middle-Saxony, Department of Business Development city of Freiberg, Erzgebirge Tourism Association) structures are currently being created that focus on the significance and future prospects of the industry. In addition, artisans, artists and creative people are locally organized in initiatives or clubs to market their own products or their own artistic output (Cross Promotion). Furthermore, there is a large number of operators, associations and networks committed to maintaining and communicating the mining tradition in the Erzgebirge region. These include a mining network, the Förderverein Montanregion Erzgebirge, various museums and touristic mines. As in other areas, the recruitment of young talent is one of the biggest challenges. In addition, the current UNESCO World Heritage application is the basis for further development of the region.

Creative Industry of the district Middle-Saxony:

As already mentioned, the state of the statistical data at district level is insufficient. The analyses of the CI in Middle-Saxony are based on a 2007 statistical survey. Against this background, the results presented here should be understood as trends. This knowledge gap is known to those responsible in the district administration (Department of Economic Development) and is to be offset by intensive cooperation between the administration, the "Creative Saxony" initiative and relevant stakeholders. An update of the database is to be expected before the completion of the project.

In comparison with the other rural districts of Saxony, the share of CI enterprises in Middle-Saxony was lowest in terms of the overall economy (482 companies, share 3.5%). From this it can be deduced that in all districts a relatively homogenous basic substance of cultural and creative economic infrastructure exists. In addition to the good basic substance, there are specific profiles in rural and urban areas. For Middle-Saxony, the following sub-sectors can be highlighted:

- Handicrafts and vibrant mining tradition
- Design market
- Software and games industry
- Film industry
- Cultural festival Middle-Saxony (Mittelsächsischer Kultursommer)

The Erzgebirge region, which also includes the district of Middle-Saxony, has a centuries-old mining and folk art tradition. Even today there are numerous museums, mining facilities and events in the region of Freiberg, such as the Terra Mineralia, the Himmelfahrt Fundgrube and the Bergstadtfest in Freiberg, which take up this topic. The field of mining tradition is organized supra-regional by numerous associations, NGO's and initiatives (e.g. Network mining, Förderverein Montanregion Erzgebirge). Also an important CI field in Middle-Saxony is the "Erzgebirgische Volkskunst", a kind of creative woodwork that is related to the mining tradition of the cultural region Erzgebirge. Famous hotspots for this handicraft are Gahlenz and Eppendorf. The arts and crafts are among the larger submarkets of the CI. In 2006, 11 percent of the working population of the cultural and creative industries were employed here. Arts and crafts play an important role for the CI of Middle-Saxony in both economic and employment terms. With more than 40 companies in this sector, the district is one of the most important handicraft locations in Saxony.

Another important sub-sector of the CI in Middle Saxony is the design market. Compared to the other rural districts of Saxony, the number of companies and individual actors in the field of photo design and exhibition design (furniture, jewelery and textiles) is at the highest level. Particularly in the field of photo design, which often deals with the mining region and the cultural and historical heritage of the region, there is great entrepreneurial activity. The creatives are supported by numerous initiatives, prizes and competitions, such as: "Designers Open", "Design Server Saxony", "Saxon State Award of Design" (including "The Day of Design").

The film and broacasting industry as well as the games and software industry is located at the University of Applied Sciences in Mittweida. The university has a strong media orientated course-portfolio. With its own campus radio and a variety of student projects and spin-offs, the city is a media-hotspot in Saxony. One of the decisive factors for the film industry in Saxony is the good funding backround. Thus, in 2007, Mitteldeutsche Medienförderung supported a total of 57 projects in Saxony, Thuringia and Saxony-Anhalt. With about 55 percent of the total subsidy amount (7.9 million euros), Saxon productions were supported. Also important for the Saxon film industry are the festivals and fairs - the Dresden Film Festival and the International Documentary and Animated Film Festival Leipzig (DOK Leipzig). Even productions from Mittweida were already present there. In the field of games and software industry, the Schülerforschungszentrum Saxony, a science lab for teenagers, has been able to distinguish itself since 2010 with more than 20 multi-day workshops. In particular, the field of app development, interactive mapping and 3D modeling will continue to be funded by the Saxon State Ministry of Education and Cultural Affairs.

The art and culture festival "Mittelächsischer Kultursommer" (www.miskus.de) is one of the most versatile German cultural festivals. The event's portfolio includes concerts, operetta galas, musical shows, plays, fairytale and family events and historic markets. Every summer, the organizing association presents the three-month festival with more than 40 events and over 3,000 artists and operators. It culturally invigorates the region of Middle-Saxony and attracts tens of thousands of visitors.

Needs of creative industries / potential for integration of creative scene in regional development:

As already mentioned, decision-makers at municipality and district level have recognized the development potential and additional creative value of the CI and are up to develop a adequate data basis for it. Within the first semester of 2018, the first events are planned with creatives and stakeholders to capture their needs and scope of the industry. Based on public funding, a communication format for creatives, entrepreneurs, public administration and politics should be synchronized with existing networks and initiatives. The REFREsh project can support this activities within the framework of the planned project tasks (stakeholder workshop). The following aspects should be included in the analysis of needs:

- Technical/infrastructural needs
- Financial support / public funding
- Cooperations / networks for stakeholder
- Creative regional martketing

3.3. SWOT-Analysis

<table>
<tr><th colspan="2">Regional SWOT results</th></tr>
<tr>
<td>Strengths
- Wide spectrum of (sub-)industries in the CI
- Many unused premises and buildings for creative activities
- Two universities as scientific partners in the district
- Mittweida University of Applied Sciences with strong media orientation
- Tradition and regional identity as a source of creative processes
- Development potential of initiatives and networks ("Creative Saxony")
- Erzgebirge as a touristic hotspot
- Existing brand “echt Erzgebirge”
- Current UNESCO World Heritage application as basis for further positive development of the region.</td>
<td>Weaknesses
- Migration of young professionals to the regional centers of Saxony
- Inadequate broadband coverage in rural areas
- High renovation costs of the vacant properties
- Poor public transport connection in rural areas
- Currently insufficient connection between creatives and public authorities
- State of the statistical data at district level regarding CI is insufficient</td>
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<td>Opportunities
- Online sales of regional products to compensate local distribution
- Public perception of development opportunities of the CI
- New perpectives and innovations through the alternation of generations in the fields of public adminitrations and the NGO landscape
- Taking up new intercultural influences through integration of migrants and refugees
- Creative regional marketing</td>
<td>Threats
- Declining NGO funding by the public sector
- Failure of integration efforts due to poor conditions (technical and social infrastructure, equipment and lack of constant financing)
- Bad demographic conditions (negative natural population change)
- Changing funding conditions by the end of the EU funding period by 2020
- Ageing of peoples in charge in NGO’s and initiatives could lead to a thinning of honorary culture
- The financial deterioration of the communal administration could lead to further thinning of the social and technical infrastructure in rural areas</td>
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Sources:

- Branchenbericht Kultur- und Kreativwirtschaft in Sachsen: Auswertung einer Befragung der Sächsischen Industrie- und Handelskammern von Mitgliedsunternehmen aus dem Bereich der Kultur- und Kreativwirtschaft 2014
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- Internet: HP „Statistische Landesamt Freistaat Sachsen“: https://www.statistik.sachsen.de
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