



European Economic and Social Committee

CCMI/098
Creative Europe
Programme

Brussels, 28 March 2012

OPINION

of the

European Economic and Social Committee

on the

**Proposal for a Regulation of the European Parliament and of the Council on establishing the
Creative Europe Programme**

COM(2011) 785 final – 2011/0370 (COD)

Rapporteur-General: **Mr Fornea**

On 30 November 2011 and 15 December 2011 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 173(3) and 166(4) of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council on establishing the Creative Europe Programme
COM(2011) 785 final – 2011/0370 (COD).

On 6 December 2011 the Committee Bureau instructed the Consultative Commission on Industrial Change to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Fornea as rapporteur-general at its 479th plenary session, held on 28 and 29 March 2012 (meeting of 28 March), and adopted the following opinion by 168 votes to 1 with 3 abstentions.

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1. Conclusions and recommendations

- 1.1 The creative industries should be addressed in relation to the new industrial development cycle and viewed not in isolation, but in a cross-cutting manner, in close connection with other services and production processes. Accordingly, the creative industries should be seen as a catalyst for innovation in industry and in the services sector.
- 1.2 The cultural and creative sectors should play a prominent role in the Europe 2020 strategy as they are contributing to a new type of growth in the EU. It should be emphasised that the current developments in the creative industries are desirable throughout Europe and should not be limited to certain countries or regions.
- 1.3 The Committee highlights the importance of the economic dimension of the Creative Europe programme and supports the idea that the programme should encourage all operators in the cultural and creative sectors to aspire to economic independence. However, it seems that the programme is overly concerned with the general objective of competitiveness, while the goal of promoting European cultural and linguistic diversity is less visible.
- 1.4 The Committee strongly endorses the proposal to increase the budget and believes that the total allocation of EUR 1.8 billion for the Creative Europe programme should be retained. While this constitutes a significant increase, the amount appears relatively modest when seen

in relation to the total EU budget or the funds allocated by some Member States to support cultural activities.

- 1.5 The proposal to merge the Culture and MEDIA programmes is acceptable as long as the proposed strands are clearly defined and their status guaranteed. This could be achieved by setting out a breakdown, on a legal basis, of the percentage of the budget and minimum allocation attributed to each strand. Moreover, to make the budget more transparent and intelligible, annual action lines should be established.
- 1.6 The Committee believes that the success of the Creative Europe framework programme is largely dependent on cooperation between the MEDIA and Culture strands, coupled with the development of a horizontal approach that fosters the emergence of common action areas across the various EU-funded programmes¹.
- 1.7 The Committee feels that the document lacks clarity as regards how the Commission intends to involve the relevant stakeholder representatives in the implementation process. Article 7 is not sufficiently clear². Access to finance should be facilitated for all private law organisations engaged in cultural and creative activities falling under the regulation. Social economy organisations working in these sectors and other relevant civil society organisations should also have access to this facility.
- 1.8 The administrative procedures should be simplified by developing faster online applications and procedures for monitoring and managing the programmes³. It is also necessary to improve the procedures and technical capacities for communication and the submission of interim and final reports, while the files of programme grant recipients should be more efficiently processed.
- 1.9 Given the very open and flexible format of the regulation, the proposed comitology does not guarantee that Member States will have sufficient control during the programme implementation process. Committee procedures should be changed to give Member State experts the opportunity to meet regularly to discuss the selected projects. Provision should also be made for a simplified procedure for adjusting the parameters of specific areas of action following a periodic assessment.
- 1.10 Furthermore, the open and flexible format means that the Programme Guide will take on considerable importance as it will set out exactly what actions are to be taken, the application

¹ As set out in Article 13(1)(b) of the proposal for a regulation.

² Article 7 of the proposed regulation refers to the facility for facilitating access to finance for small- and medium-sized enterprises and organisations in the European cultural and creative sectors.

³ The current process is considered quite onerous, as all documentation must be sent by post and there can be a 3-4 month wait for a reply.

conditions, the levels of co-financing, etc. The Committee calls on the Commission to draw up the guide in an open and transparent manner, and would like to be involved in this process.

- 1.11 Regarding the Commission's proposal to merge the cultural contact points and the MEDIA desks into the Creative Europe desks, the Committee believes that a more flexible approach is required, which takes account of the specific situations in the regions of the Member States. The Committee stresses the importance of staying close to the operators on the ground working in these two sectors, and maintaining separate bodies of expertise for the Culture and MEDIA strands, given that the two sectors are very different in nature and modus operandi. The new Creative Europe desks should be built on the experience already gained by the cultural contact points and MEDIA desks.
- 1.12 The proposed financial facility is a step in the right direction and should be publicised in order to help bring about a change in the way financial institutions perceive and assess entrepreneurs in the cultural and creative sectors. The facility should ensure balanced geographical coverage and its operation should not adversely affect forms of support such as grants.
- 1.13 Intellectual property is a key factor in stimulating creativity and investment in the production of cultural and creative content, as well as in remunerating creators and increasing employment opportunities in these activities. The Committee thus stresses the importance of effective enforcement of intellectual property rights at EU and global levels.
- 1.14 The selection and implementation of projects funded by the Creative Europe programme should be done in full compliance with the EU's principles and values on democracy, human rights, workers' rights and social responsibility. Moreover, a mechanism is needed to prevent violence and discrimination during the implementation of projects financed under this instrument.

2. The Commission's proposal for a regulation

- 2.1 This regulation establishes the Creative Europe programme, which is designed to support Europe's cultural and creative sectors for the period from 1 January 2014 to 31 December 2020. The programme is intended to support only those actions and activities presenting a potential European added value and contributing to the achievement of the objectives of the Europe 2020 strategy and its flagship initiatives.
- 2.2 The general objectives of the programme are to foster the safeguarding and promoting of European cultural and linguistic diversity and to strengthen the competitiveness of the cultural and creative sectors with a view to promoting smart, sustainable and inclusive growth.

2.3 The specific objectives of the programme are:

- to support the capacity of the European cultural and creative sectors to operate transnationally;
- to promote the transnational circulation of cultural and creative works and operators and reach new audiences in Europe and beyond;
- to strengthen the financial capacity of the cultural and creative sectors, and in particular small and medium-sized enterprises and organisations; and
- to support transnational policy cooperation in order to foster policy development, innovation, audience building and new business models.

2.4 Structure of the programme:

- a cross-sectoral strand addressed to all cultural and creative sectors – 15% of the total budget;
- a Culture strand addressed to the cultural and creative sectors – 30% of the total budget; and
- a MEDIA strand addressed to the audiovisual sector – 50% of the total budget.

3. **General comments**

3.1 In 2008, the cultural and creative sectors employed 3.8% of Europe's workforce and accounted for some 4.5% of EU GDP. The Committee is convinced that the Creative Europe framework programme will help implement the Europe 2020 strategy, and agrees with the Commission that innovation, creativity and culture should play an essential role in the modern education of Europeans, and thus help to foster entrepreneurship, smart, sustainable growth and social inclusion in the EU.

3.2 The complex relationship between culture and the economy and the contribution of the cultural and creative sectors to the development of the Member States, to increasing social cohesion and to strengthening the feeling of belonging to the European space, should prompt politicians to reassess the role of culture in national and EU policies. The new financial facility should thus reflect the needs of the cultural and creative sectors in the digital age by taking a more pragmatic and comprehensive approach.

3.3 The cultural sector is not uniform in nature and operates in various unique ways. For example, there is a specific economic model for music production and the record industry, which operate in an environment that is radically different from that of the performing arts. It is thus important that the various strands of the Creative Europe programme enable a flexible approach that is conducive to facilitating access to the programme and its effective use by the potential beneficiaries targeted by this proposed regulation.

4. **Specific comments**

- 4.1 The European Economic and Social Committee has already set out its views on the cultural and creative industries in the opinion of that title adopted at the October 2010 plenary session, for which the rapporteur was Mr Cappellini and the co-rapporteur was Mr Lennardt. That opinion was drawn up in the context of the consultation on the Green Paper on *Unlocking the potential of cultural and creative industries*.
- 4.2 This opinion on the *Proposal for a Regulation of the European Parliament and of the Council establishing the Creative Europe Programme* does not intend to cover the same issues dealt with in the opinion on the Green Paper, but will try to assist the Commission by commenting directly on the proposed text set out in COM(2011) 785 final on 23 November 2011.
- 4.3 The increase in the budget to EUR 1.8 billion for the period 2014-2020 has been welcomed by operators in these sectors, even though this increase must be seen in the context of a greater number of beneficiary countries and the expansion of the programme's scope to include the creative industries. The term *creative industries* is not clearly defined in the regulation; the text should set out precise details as to the areas of action and operators covered by the programme.
- 4.4 The proposal to merge the current Culture 2007-2013, MEDIA and MEDIA Mundus programmes into a single framework programme entitled *Creative Europe* is welcomed by operators in the cultural and audiovisual sectors as a positive and constructive initiative by the Commission. However, particular attention should be given to the way in which policies or general processes are transposed into each of the two strands in the context of the programme: consideration needs to be given to the specific characteristics of the individual sectors, as the key players and the financial, production and distribution systems of the two strands vary considerably.
- 4.5 Operators in the cultural sector will focus primarily on the types of public funding available and the programme's access conditions and eligibility criteria. Their degree of involvement and support for the policies proposed in the new framework programme will largely hinge on these criteria.
- 4.6 From a professional viewpoint, it seems that in the audiovisual sector there is general satisfaction with the effectiveness of the current MEDIA programme, and also with the new policies set out in the Creative Europe framework programme. The MEDIA programme is appreciated by professionals in the industry for the support it provides and its relevance to the audiovisual market. The MEDIA strand envisaged in the new programme does not differ much from the current programme. However, the text of the new regulation could be more precise, and include appendices detailing each individual action area along with the budget allocated thereto.

- 4.7 The Committee welcomes the Commission's move to simplify the procedures for managing the Culture and MEDIA programmes through greater use of flat rates, framework partnership agreements and electronic procedures, and by reforming the modus operandi of the Education, Audiovisual and Culture Executive Agency.
- 4.8 Suitable measures should be devised to ensure *a more level playing field in the European cultural and creative sectors by taking account of lower production capacity countries and/or countries or regions with a restricted geographical and linguistic area*⁴.
- 4.9 The Committee believes that there is a need to reintroduce among the priorities measures to promote artist mobility, intercultural dialogue and arts education, in order to synchronise the regulation with other EU documents related to these sectors and to develop incentive-based schemes for artists participating in cultural activities or tours outside of their home country.
- 4.10 The proposal for a regulation focuses particularly on SMEs and on individual creators. However, the trade unions complain that the regulation sees culture creators – the industry's creative individuals and companies – as mere service providers and stress the need to make the granting of financial aid conditional on compliance with social protection standards that can eliminate the job insecurity that is often encountered in the short-term contracts typical of projects in this industry.

Challenges and shortcomings in the new proposal for a regulation

In general terms:

- 4.11 The proposal to increase the budget is good news. However, the following aspects should be borne in mind:
- the number of beneficiary countries has increased;
 - the funding is to cover an expanded remit;
 - new needs have arisen from the digital shift;
 - currency depreciation;
 - the budget proposed in the regulation of some EUR 1.8 billion for the period 2014-2020, should be compared to the annual budgets allocated by France (EUR 7.5 billion) and Germany (EUR 1.1 billion) and should be seen in relation to the total EU budget.
- 4.12 Major disparities between Member States' policies tend to distort the accessibility of publicly funded programmes targeting the audiovisual and cultural sectors between operators in one country and the next.

⁴ Article 3(2)(d) of the proposal for a regulation

4.13 With regard to the creative industries, there is little or no synergy between the programmes dedicated to the innovation and competitiveness of companies and SMEs and the Creative Europe programme. The possibilities offered by developments in digital technologies should facilitate moves to more closely interlink these programmes.

At operational level:

4.14 Operators face complex bureaucracy in managing and monitoring implementation of the programme. This complexity will generate significant management costs, and thus in practice reduce the budget allocated for producing and distributing projects.

4.15 One recurrent problem that industry operators bemoan, and which particularly affects small businesses, is the length of time it takes for grants to be approved.

4.16 With regard to the new financial facility designed to facilitate access to credit for SMEs and other operators, the use of this kind of financial instrument is not common in the cultural sector. There is a risk that financial institutions will not be interested in participating, given the small amounts involved, a lack of awareness of the problems specific to the cultural sector, and the low profitability of some of the cultural projects concerned, which could not exist without the aid of public funds.

4.17 Operational monitoring and management of the guarantees granted through the financial facility is to be carried out by the European Investment Fund (EIF), which does not yet have specific expertise in the cultural sector.

4.18 The experience of the MEDIA Production Guarantee Fund, which was launched by the Commission in 2010 and benefits from recognised expertise, shows that there is a need for greater synergy between the new financial facility and existing organisations⁵.

4.19 Merging the cultural contact points and the MEDIA desks into a single Creative Europe desk is a good idea in theory. The purpose of this merger is to centralise information on the programmes available and to achieve economies of scale by pooling resources.

4.20 At operational level, while synergies are possible, particularly with regard to joint management and communication, it is important to bear in mind that some countries, such as France and Germany, have developed a network of regional desks that reflect their cultural diversity and which are intended to be close to the operators on the ground. Moreover, the core activities of the cultural and audiovisual sectors differ considerably, with different production and distribution networks, and the key players requiring different types of expertise.

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Such as the IFCIC (French institute for financing film and the cultural industries) and *Audiovisual SGR* in Spain (founded in late 2005 on the initiative of the Spanish culture ministry, and involving the Spanish Institute of Cinematography and Audiovisual Arts (ICAA) and a number of bodies that manage the rights of audiovisual producers in Spain).

- 4.21 From this perspective, it may be detrimental to assimilate the competences by imposing this centralisation. The savings achieved may be insignificant and thus not justify the proposed structural changes. Moreover, there is some wariness about expanding the remit of the desks to include providing statistics or supporting the Commission in ensuring proper communication and disseminating the results and impact of the programme, without, however, the requisite funds being provided to do this work.
- 4.22 The proposed comitology changes could offend certain sensibilities, with the Commission proposing procedural changes in the committees for all programmes. Member State representatives would lose the power of co-decision and co-management to the Commission, and have their role reduced to validating pre-selected projects.

Brussels, 28 March 2012.

The President
of the
European Economic and Social Committee

Staffan Nilsson
