



European Economic and Social Committee

CCMI/164
Creative Europe

OPINION

European Economic and Social Committee

**Proposal for a Regulation of the European Parliament and of the Council
establishing the Creative Europe programme (2021 to 2027) and repealing Regulation
(EU) N°1295/2013
[COM(2018) 366 final]**

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Referral	European Parliament, 14/06/2018 Council, 21/06/2018
Committee Bureau decision	19/06/2018
Legal basis	Article 173(3) and Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Consultative Commission on Industrial Change (CCMI)
Adopted in CCMI	22/11/2018
Adopted at plenary	12/12/2018
Plenary session No	539
Outcome of vote (for/against/abstentions)	207/2/2

1. Conclusions and recommendations

- 1.1 The EESC welcomes the proposal for a Regulation of the European Parliament and of the Council establishing the Creative Europe programme (2021 to 2027) (COM(2018) 366 final) and its indicators set out in Annex II. Building a strong and united Europe must be based on the diversity of cultural roots which should be transmitted through education. The continuation of this programme should be seen as highly beneficial for the development of European culture and of the cultures of the individual Member States which is a foundation of our society and a crucible of our democratic values.
- 1.2 For many years, the EESC promoted the significant contributions of the creative and cultural sectors and industries to the EU creation of value and jobs, inclusiveness and growth¹. In 2012, according to the OECD, the copyright-intensive industries² in the EU accounted for 4.2% of GDP and 3.2% of employment. According to Article 2 of the proposal for a Regulation (COM(2018) 366), these sectors include "architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design (including fashion design), festivals, music, literature, performing arts, books and publishing, radio and visual arts".
- 1.3 Bearing in mind the specific nature of creative acts and processes that do not always fall easily within the general framework of labour law, the EESC is fully aware of the social challenges that should be tackled in some Member States: improvement of working conditions, removal of unpaid hours, fight against gender gaps, promotion of decent labour, better health and safety conditions, facilitating mobility, inclusion of people with disabilities and those who are excluded, policy against sexual harassment and so on.
- 1.4 The EESC considers that the planned budget of EUR 1.8 billion is not sufficient in order to meet the ambitious goals of the Creative Europe programme 2021-2027. That is the reason why the EESC calls for a larger budget. This significant investment in the creativity of Europe, its artists, creators, musicians, writers, photographers, architects, inventors of video games, moviemakers, etc., will help the EU to compete successfully with large countries having deliberate "soft power" strategies (US, Japan, South Korea) at national level and inside international organisations. That EU funding should be complemented by national and regional public funding. Specific tax incentives could also attract philanthropy (heritage restoration for instance) and ease crowd-funding for the creation of new business models.
- 1.5 The EESC believes also that it is necessary to invest in legal and technical tools in order to fight more efficiently against all forms of promotion of violence and discrimination, particularly in the production of online video games for children and young people.

¹ [OJ C 13, 15.1.2016, p. 83](#), NAT/738, SOC/590.

² The core copyright-intensive industries include nine sectors: press and literature, music, opera and theatrical production, motion picture and video, photography, software and database, visual art and graphics, advertising and arts, copyright collective management societies.

- 1.6 The EESC supports the inclusion of a creative and cultural dimension in the external policy of the EU (trade policy, international relations, etc.)³.
- 1.7 This unprecedented financial effort should be achieved through three channels:
- An increased budget for "Creative Europe" of EUR 1 930 000 instead of EUR 1 850 000 for 2021-2027 that will include an extra funding of EUR 80 million to the CROSS-SECTORAL Strand that will allow additional "cross-fertilisation" projects between creative and cultural industries (CCI) themselves (music, fashion, design, art, cinema, publishing, etc.) and between CCI and other industries, and more financial resources for more training in the field of media in a context in which the pluralism of the media has recently been challenged in the EU;
 - Financial support for culture and creation in a wide range of EU programmes in order "to enhance the process of mainstreaming culture in the other sectoral policies, which would result in mutual benefits for both culture and the relevant sector"⁴: Horizon 2020, European Social Fund, Digital Europe, Cohesion Fund, Erasmus;
 - Continuous support for the Financial Guarantee Facility dedicated to "creative and cultural industries" in order to provide guarantees and, where needed, equity type support for SMEs and start-ups.
- 1.8 This renewed ambition for a more cultural and creative Europe will also benefit various sectors and EU industrial value chains from textiles, clothing, leather, furniture, ceramics, toys, tourism, arts and crafts, to automobiles, construction, health and well-being, green energy and so on, thanks to the integration of creativity, design and cutting-edge technologies. There are many examples in Europe of the successful shift by some industrial regions or cities toward creative industries generating more value added (Turin).
- 1.9 The opportunities provided by the "digital revolution" in those copyright-intensive industries are particularly important and sufficient investment in equipment and software (Artificial Intelligence, block chain, 3D printing, digitalisation of archives for instance) as well as in training should be promoted.
- 1.10 The innovation potential of these industries is unlimited because they rely mostly on individual creativity, skills and imagination. That is why the creative and cultural industries (CCI) should have a specific budget under "Horizon 2020" (at least EUR 3 billion which is a little less than their weight in the EU GDP (4.2%)).
- 1.11 Large merger operations are going on in the US market that will have an impact on EU CCI. In this context, the EESC asks the European Commission to launch a tender for a business intelligence report expected in 2019 on the major economic and technological trends in the US

³ *Towards an EU Strategy for international cultural relations*, Join (2016) 29 final.

⁴ Quoted from the Bulgarian Presidency's discussion paper: *The way ahead: long term vision for the contribution of culture to the EU after 2020*, 27 April 2018.

affecting media, cinema and audiovisual and their likely consequences on their EU counterparts in the field of production, consumption, and distribution.

1.12 Given the fact that the EU 27 could benefit considerably from continued dialogue with the UK which is a key player in these industries, the EESC asks the European Commission to support any bilateral dialogue between governments and networks that could pave the way for a bilateral agreement in order to pursue ambitious bilateral programmes within the framework of Creative Europe 2021-2027. Similar bilateral agreements have been concluded in the past (2014-2020) with third countries like Georgia, Serbia or Ukraine.

2. **General comments**

2.1 A new level of ambition

2.2 The proposal for a Regulation (COM(2018) 366) is based on Article 3 of the Treaty on European Union: the EU pursues the goal "to promote peace, its values and the well-being of its peoples", the EU "shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced". But there is a clear perception that the number of challenges to face is larger, in particular the competition from online platforms and search engines, the concentration of the sector around a limited number of big players, or the rise of "disinformation".

2.3 With this new programme, the EU Commission wants to offer opportunities for operators to develop technologically and artistically innovative European trans-border initiatives to exchange, co-create, co-produce, and distribute European works. The purpose is also to strengthen the position of EU actors in the EU and global markets. Examples of best practices in this area can be found in the activities of the Council of Europe's "Eurimages" fund.

2.4 A larger budget but still not sufficient

2.4.1 The proposed budget of EUR 1.85 billion for 27 Member States is bigger than the current one but represents only 1/1000 of the overall EU Multiannual Financial Framework 2021-2027: EUR 1 135 billion.

2.5 The budget proposed by the EC is divided into three parts:

- CULTURE Strand with EUR 609 million (33% of the total budget compared to 31% of the total budget of Creative Europe 2014-2020);
- MEDIA Strand with EUR 1 081 million (58% of the total budget compared to 56% of the total budget of Creative Europe 2014-2020);
- CROSS-SECTORAL Strand with EUR 160 million (9% of the total budget compared to 13% of the total budget of Creative Europe 2014-2020).

2.5.1 The EESC asks for an additional budget of EUR 80 million for the CROSS-SECTORAL Strand to develop the full potential of "cross-fertilisation" projects⁵ (digital economy, tourism, art, luxury, culture, digital printing...) and to identify more practical answers in the field of media literacy.

2.5.2 The objective to support in priority projects aiming at a large audience is suitable to the audiovisual sector (MEDIA Strand) but should not apply to all cultural activities, particularly in rural areas. Social cohesion and social inclusiveness are at the heart of the European project.

2.6 The Brexit case for creation and culture

2.6.1 This new programme will take place within the EU 27 after the withdrawal of the United Kingdom which is one of the Member States in which the creative and cultural industries play a key role (90 billion GBP in 2016, 2 million workers). The EESC considers it essential for the dynamics of "Creative Europe" to maintain strong cultural relationships with the UK and to encourage, wherever possible and necessary, bilateral cooperation. The objective of a specific and tailor-made bilateral agreement with the UK in order to pursue actions and programmes should be sought on the basis of Article 8 of the proposal for a regulation and in compliance with the revised Audiovisual Media Services Directive.

2.7 Lessons learned from the previous Creative Europe programme 2014-2020

2.7.1 In the various assessment studies requested by the EC, the major limits were the following:

- Insufficient budgets to have a major impact at EU or sectoral level;
- Funding too fragmented for the MEDIA programme;
- Excessively complex access and administrative reporting to EU programmes and funding, particularly for SMEs and individuals, and first-time applicants;
- Uneven distribution of funds according to the Member States.

2.7.2 During a hearing organised in Paris (6 October 2016) by Sylvia Costa, President of the Culture and Education Committee, stakeholders identified other concrete issues:

- The success ratio for the CULTURE strand call for tenders is too low: 11%;
- The maximum length for a literary translation is too short: 2 years;
- The number of third countries that can be involved in some projects is too narrow;
- The notion of "experimentation" should be promoted and supported, as well as that of "innovation".

⁵ See point 4.6 of EESC opinion [OJ C 13, 15.1.2016, p. 83](#)

In order to take account of these criticisms, the EC proposes certain simplifications for 2021-2027:

- Greater flexibility in order to adapt work programmes to unforeseen circumstances;
- More framework partnership agreements and cascading grants;
- More incentives to reward results linked to the capacity to reach larger audiences;
- Systematic use of e-forms and e-reports and lighter reporting requirements.

2.8 The CULTURE Strand

2.8.1 The overall budget of EUR 609 million will support cross-border circulation of works and mobility of creative operators, encourage partnerships, networks and platforms seeking a wider audience in Europe and beyond for European cultural and creative operators and works, and promote European identity and heritage and values through cultural awareness, arts education and creativity in education. Special EU actions such as the European Capitals of Culture, EU cultural prizes, and the European Heritage label will be also supported. Another priority is to promote international capacity building to enable the European cultural and creative sectors to be active internationally.

The EESC would like to add to the proposed Regulation a paragraph on folk and "amateur" creativity, as it is precisely this form of creativity that laid the groundwork for the development and dissemination of a genuine humanistic and artistic sensibility.

2.9 The MEDIA Strand

2.9.1 This programme covers audiovisual media, cinema and video games with an overall budget of EUR 1 081 000. It is linked to some specific legislative tools: the revision of the copyright framework and the revised Audiovisual Media Services Directive.

2.9.2 The former (COM(2016) 593 final) was adopted by the European Parliament (12 September 2018) at the first reading.

This proposal has three major goals: (a) to improve access to content online and across borders for television and radio programmes on VoD platforms; (b) to harmonise and modernise the copyright exceptions in EU law in the areas of teaching, research and the preservation of cultural heritage; (c) to put in place a well-functioning marketplace for copyright for press publishers, authors, and performers producing content for online platforms.

2.9.3 The latter pursues several objectives: to provide further opportunities for the promotion of European works within (minimum of 30% of EU works on online video platforms) and outside the EU, to foster cooperation across the value chain from the early stages of production to distribution and exhibition, and to enhance the level of protection of children and consumers.

2.9.4 The EUR 1 081 000 budget dedicated to the European audiovisual sector, including the film industry, TV and video games has the following goals: (a) to stimulate collaboration and innovation in the production of EU audiovisual works; (b) to improve theatrical and online

distribution across borders; (c) to support the international influence of EU audiovisual works through better international promotion and distribution of European works and innovative storytelling including virtual reality.

2.10 The CROSS-SECTORAL Strand

2.10.1 An overall budget of EUR 160 million is planned to support the emergence of cross-sectoral projects between creative and cultural actors (music, media, literature, art...), to help Creative Europe desks to promote the programme in their country, and to enhance "a free, diverse, and pluralistic media environment, quality journalism and media literacy" (Article 6(c), COM(2018) 366 final).

2.10.2 This last goal is considered by the EESC as critical: in 2017 several Member States lost ground in the field of freedom of the press. Given this particular context, the EESC asks for more funding in order to support the promotion of freedom of expression, and of a diverse and pluralistic media environment, the promotion of high quality media standards in terms of content, and programmes of media literacy in order to allow citizens to gain a critical understanding of the media.

3. **Specific comments**

3.1 Copyright in the digital era

3.1.1 An OECD study from 2015 on "Copyright in the digital era" confirms the intensity of the legal and public debates on the ways and means to adapt national copyright frameworks to the internet revolution.

The main issues under discussion are: (a) the scope of copyright; (b) orphan works; (c) copyright exceptions and limitations; (d) copyright registration; (e) enforcement.

3.1.2 The EESC would like to defend the new related copyright for publishers for the digital use of their press publications as proposed in Article 11 of the proposal for a Directive on copyright in the Digital Single Market, the protection of content by online services as proposed in Article 13, the contract adjustment mechanism (Article 15) and the dispute resolution mechanism (Article 16).

3.2 Fierce competition at international level that should lead to a clear EU strategy for CCI both for single market policies and externally (international agenda for culture, cultural diplomacy, trade policy).

3.2.1 American firms like Apple with iTunes, the biggest on-line music store in the world since 2010, Netflix with 130 million subscribers in 2017, and You Tube with 1 300 000 monthly users and more than 5 billion videos watched every day, have dominant positions in the field of online platforms.

3.2.2 In the film industry for instance⁶, "productions and co-productions from the United States account for 90% of the films with the highest theatrical attendance levels that year [2012]" with a natural corollary: "there is a clear and almost undisputed predominance of the English language" .

3.2.3 Major mergers have been taking place recently in the USA that confirm that significant changes are taking place in the production, distribution and consumption of audiovisual content. What will be the effect of these major changes in the USA on the EU audiovisual sector, which remains fragmented, with less public funding and a persistently low level of cross-border diffusion due to a limited budget and linguistic barriers? An independent study with quantitative and qualitative data will be very helpful.

Other major countries like China, Japan, India and Canada have put in place efficient and long term incentive policies to support both internally and externally those assets that are part of their "soft power"; the EU should do the same.

3.3 Diversification and renewal of business models

3.3.1 Innovative business models for the copyright-intensive industries in the EU should be encouraged in three directions:

- a) the use of all digital tools (AI, block chain, big data, 3D printing and so on) as an opportunity to enrich the content of cultural goods and services and the way they are available to consumers;
- b) opportunities linked to improved portability of content in cross-border projects;
- c) the search for new ways to generate revenue (subscriptions, pay per view, and so on) without excluding vulnerable consumers.

3.3.2 The "spill-over effect" between CCI and several economic sectors which integrate a "cultural or a creative component" has been demonstrated in many studies. At the interface of CCI and digital technologies lies a powerful source of both breakthrough and incremental innovation.

3.3.3 Of course, certain cultural activities benefiting from public or private funding should not rely solely on generating profit. The new programme should also cover "non-market oriented" activities.

3.4 Access to funding

3.4.1 A new guarantee facility was launched by the European Fund for Strategic Investment in June 2016 in order to benefit micro, small and medium-sized enterprises in CCI that are finding it difficult to access loans in their own countries. An initial amount of EUR 121 million was planned for this new mechanism which is expected to create EUR 600 million in loans and other financial products.

⁶ *Diversity and the film industry: An analysis of the 2014 UIS Survey on Feature Film Statistics*, March 2016, p 31.

3.4.2 After a slow start, nine Member States – Spain, France, Romania, Belgium, the Czech Republic, Finland, Italy, Luxembourg and the United Kingdom – have signed agreements with the European Investment Fund (EIF) for a global capacity of more EUR 300 million of potential loans. In 2017, a decision was made by the EIF to add an extra EUR 70 million. According to a report by the EIF on the use of the CCI Guarantee (March 2018), 418 creative and cultural "actors" benefitted from this facility for a total amount of EUR 76 million in loans, which represents a EUR 182 000 loan on average per entity.

3.4.3 The EESC encourages strongly the competent authorities at national and regional levels, in urban and rural areas, to promote this specific facility in order to feed the growth of CCI and to attract investment and new businesses in those sectors. It is their responsibility to avoid an increasing gap between "smart cities" where CCI are highly concentrated⁷ and rural areas.

3.5 Social issues

3.5.1 Data available in some Member States show unfair and unsatisfactory social working conditions: unpaid hours, regular overtime, temporary contracts, unintended part-time jobs, poor health and safety conditions, underinvestment in training, gender gaps⁸, lack of ethnic diversity, sexual harassment, a low level of social protection, insufficient mobility due to double taxation and difficult access to visas for third-country nationals.

Some Member States have implemented social requirements which CCI must meet in order to be able to access EU funding, thereby supporting the European social model in line with the role potentially performed by public funding.

3.5.2 Social dialogue at national level should be encouraged in order to find suitable solutions to improve the situation. At EU level, more independent studies on the working conditions in CCI are necessary in order to inspire renewed policies. One recent finding shows for instance that the "occupation" criteria could be more effective than the "sectoral" one, because only 30.7% of "creative" jobs are located inside CCI sectors!⁹

⁷ 64% of creative employment is located in urban areas, J. Vlegels, W. Ysebaert *Creativiteit, diversiteit en werkomstandigheden: een analyse van de drieand van culturele en creative arbeid in België*, Sociologos 39, p 241

⁸ See the Framework for action on gender equality at the Audiovisual Social Dialogue Committee.

⁹ J. Vlegels, W. Ysebaert, Sociologos 39, p 210-241.

3.5.3 Clusters and networks

Regional clusters play a key role in promoting new collaboration models and cross-border partnerships. Creation of new regional clusters and networks for CCI should be encouraged by the new programme as well as fruitful partnerships between existing clusters and networks (Emilia-Romagna, Hamburg, Milan and so on) that could boost scaling up and best practices.

Brussels, 12 December 2018.

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The president of the European Economic and Social Committee
