



EUROPEAN PARLIAMENT

2009 - 2014

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*Committee on Budgets*

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**2011/0370(COD)**

16.11.2012

## **OPINION**

of the Committee on Budgets

for the Committee on Culture

on the proposal for a regulation of the European Parliament and of the Council  
on establishing the Creative Europe programme  
(COM(2011)0785 – C7-0435/2011 – 2011/0370(COD))

Rapporteur: Barbara Matera

PA\_Legam

## SHORT JUSTIFICATION

### Background

The Commission, in its outline for the next multi-annual financial framework (MFF) for the period 2014-2020, has decided that support for the cultural and creative sectors should remain an essential element of the next financial package and proposed a single "Creative Europe" framework programme, bringing together the current Culture, MEDIA and MEDIA Mundus programmes, and including a **new financial facility** to improve access to finance for small- and medium-sized enterprises (SME) and organisations in the cultural and creative sectors. The sectors are cornerstones for Europe 2020 and the next MFF, according to European Parliament resolution of 12 May 2011 (2010/2156).

Cultural and creative sectors include, in particular, but not limited to, architecture and design, arts and crafts, audiovisual and multimedia, books and press, cultural heritage and archives, libraries, music, performing arts, video games and visual arts. The sectors are important contributors to **jobs and growth** in Europe, representing **4,5% of total European GDP** in 2008 and accounting for some **3,8% of the workforce (8,5 million jobs)**. Beyond their direct contribution to GDP, they trigger spill-over in other sectors of the economy such as tourism and fuelling content for ICT. In a broader sense, creativity will play an essential role in modern education and contribute to Europe 2020 objectives. It will drive innovation, entrepreneurship, as well as smart and sustainable growth and contribute to social inclusion.

### Budget

The proposed budget for Creative Europe framework for the next MFF amounts to **EUR 1,8 billion**, compared to **EUR 1,17 billion** in the current MFF for the three programs - Culture (EUR 400 million), Media (EUR 755 million) and Media Mundus (EUR 15 million) - to be subsumed under one heading. The new program is expected to consist of three strands with the following breakdown: 15% for the Cross-sectoral Strand, 30% for the Culture Strand and 55% for the MEDIA Strand. The Rapporteur welcomes the proposed increase of the budgetary envelope at the Union level for the cultural and creative sectors. At the same time, the Rapporteur emphasizes that the planned percentage distribution of funds ought to be included in the legislative text, not only in the annexed legislative financial statement. Likewise, the detailed description of the setup and implementation of the new Cultural and Creative Sectors (Financial) Facility ought to be covered by the legislative text. Furthermore, the Rapporteur points out that the financial envelope specified in the legislative proposal constitutes only an indication to the legislative authority and can not be fixed until agreement is reached on the proposal for a regulation on the multiannual financial framework for the years 2014-2020.

### Objectives

The general objectives of the Programme will be: (i) to safeguard and promote the European cultural and linguistic diversity and (ii) to strengthen the competitiveness of the sector; thereby it will contribute to the EU 2020 strategy and its flagship initiatives. The specific objectives are as follows:

- support the capacity of the European cultural and creative sectors to operate transnationally including by strengthening the relations and networks between operators;
- promote the transnational circulation of cultural and creative works and operators and reach new audiences in Europe and beyond;
- strengthen the financial capacity of the cultural and creative sectors;
- support transnational policy cooperation in order to foster policy development, innovation, audience building and new business models.

The Rapporteur believes that the international aspects of cultural and creative sectors are not sufficiently spelled out, and significant portions of the Media Mundus programme are, therefore, lost in the Commission proposal. The Rapporteur intends to reintroduce the key elements of global cooperation in the legislative proposal.

## AMENDMENTS

The Committee on Budgets calls on the Committee on Culture, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Draft legislative resolution Paragraph 1 a (new)

*Draft legislative resolution*

*Amendment*

***1a. Points out that the financial envelope specified in the legislative proposal is only an indication to the legislative authority and can not be fixed until agreement is reached on the proposal for a regulation laying down the multiannual financial framework for the years 2014-2020;***

*Justification*

*The figures in the thematic legal bases cannot be considered final, while the negotiations on the MFF are still ongoing, following the principle "nothing is decided, until everything is decided".*

### Amendment 2

#### Draft legislative resolution Paragraph 1 b (new)

*Draft legislative resolution*

*Amendment*

***1b. Recalls its resolution of 8 June 2011 on Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe<sup>1</sup>; reiterates that sufficient additional resources are needed in the next MFF in order to enable the Union to fulfil its existing policy priorities and the new tasks provided for in the Treaty of Lisbon, as well as to respond to***

*unforeseen events; challenges the Council, if it does not share this approach, to clearly identify which of its political priorities or projects could be dropped altogether, despite their proven European added value; points out that even with an increase in the level of resources for the next MFF of at least 5% compared to the 2013 level only a limited contribution can be made to the achievement of the Union's agreed objectives and commitments and the principle of Union solidarity;*

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*<sup>1</sup>Texts adopted, P7\_TA(2011)0266.*

#### *Justification*

*If the Council reduces the MFF amounts, the EP urges it to identify "negative priorities" despite their proven added value and new tasks the Union must fulfil after coming into force of the Lisbon Treaty.*

### **Amendment 3**

#### **Proposal for a regulation**

##### **Recital 1**

#### *Text proposed by the Commission*

(1) The Treaty aims at an ever closer union among the peoples of Europe and confers on the Union the task, inter alia, of contributing to the flowering of cultures of Member States, while respecting their national and regional diversity and at the same time ensuring that the conditions necessary for the competitiveness of the Union's industry exist. In this respect, the Union, where necessary, supports and supplements Member States' actions to **respect** cultural and linguistic diversity, strengthen the competitiveness of the European cultural and creative sectors and facilitate adaptation to industrial changes, in particular through vocational training.

#### *Amendment*

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## Amendment 4

### Proposal for a regulation Recital 7

#### *Text proposed by the Commission*

(7) The Communication from the European Commission on the European Strategy for smart, sustainable and inclusive growth (Europe 2020 Strategy) defines a strategy that aims to turn the Union into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. In this strategy, the Commission noted that the Union needs to provide more attractive framework conditions for innovation and creativity, including through incentives for the growth of knowledge based firms and greater access to finance for cultural and creative sectors.

#### *Amendment*

(7) The Communication from the European Commission on the European Strategy for smart, sustainable and inclusive growth (Europe 2020 Strategy) defines a strategy that aims to turn the Union into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. In this strategy, the Commission noted that the Union needs to provide more attractive framework conditions for innovation and creativity, including through incentives for the growth of knowledge based firms and greater access to finance for cultural and creative sectors. ***However, the ability of cultural practitioners to operate across Europe has been severely curtailed by the decrease of funding from national sources. Therefore, the targets for jobs and the creative industries cannot be reached, if the funds for creative mobility and interaction across Europe and beyond are not increased significantly.***

#### *Justification*

*The financial crisis has caused the reduction of funds for creative and cultural sectors at national level; therefore, the European funds can partially offset these losses.*

## Amendment 5

### Proposal for a regulation Recital 11

#### *Text proposed by the Commission*

(11) The digital shift is having a massive impact on how cultural and creative goods

#### *Amendment*

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and services are made, disseminated, accessed, consumed and monetised. These changes offer great opportunities for the European cultural and creative sectors. Lower distribution costs, new distribution channels and new opportunities for niche products can facilitate access and increase circulation worldwide. In order to *seize* these opportunities and adapt to the context of the digital shift and globalisation, the cultural and creative sectors need to develop new skills and require greater access to finance to upgrade equipment, develop new production and distribution methods and adapt their business models.

and services are made, disseminated, accessed, consumed and monetised. These changes offer great opportunities for the European cultural and creative sectors. Lower distribution costs, new distribution channels and new opportunities for niche products can facilitate access and increase circulation worldwide. In order to *fully take advantage of* these opportunities and adapt to the context of the digital shift and globalisation, the cultural and creative sectors need to develop new skills and require greater access to finance to upgrade equipment, develop new production and distribution methods and adapt their business models.

## Amendment 6

### Proposal for a regulation Recital 13

#### *Text proposed by the Commission*

(13) One of the greatest challenges of the cultural and creative sectors, especially small operators including small and medium-sized enterprises (SMEs) and micro-enterprises, is their difficulty accessing the funds they need to finance their activities, *grow*, maintain their competitiveness or internationalise. While this is a common challenge for SMEs in general, the situation is significantly more difficult in the cultural and creative sectors due to the intangible nature of many of their assets, the prototype profile of their activities, the lack of investment-readiness of the operators in the sectors as well as the insufficient investor-readiness of financial institutions.

#### *Amendment*

(13) One of the greatest challenges of the cultural and creative sectors, especially small operators including small and medium-sized enterprises (SMEs) and micro-enterprises, is their difficulty accessing the funds they need to finance their activities *in order to* maintain their competitiveness *and growth* or internationalise. While this is a common challenge for SMEs in general, the situation is significantly more difficult in the cultural and creative sectors due to the intangible nature of many of their assets, the prototype profile of their activities, the lack of investment-readiness of the operators in the sectors as well as the insufficient investor-readiness of financial institutions.



## Amendment 7

### Proposal for a regulation Recital 19 a (new)

*Text proposed by the Commission*

*Amendment*

***(19a) The Union shall, in liaison with the Member States, take the necessary steps to ensure proper cooperation in the culture and creative sectors with the third countries (former Media Mundus programme), multilateral and regional organisations and entities, including, but not limited to European financial institutions, international financial institutions, United Nations agencies, funds and programmes, private foundations and non-Union donors.***

*Justification*

*Since, in the next MFF, Media Mundus programme has been integrated in the common framework, its priorities - international cooperation and projection of European cultural products abroad - should not be lost.*

## Amendment 8

### Proposal for a regulation Recital 21

*Text proposed by the Commission*

*Amendment*

(21) This Regulation lays down, for the entire duration of the Programme, ***a*** financial envelope constituting the ***prime*** reference, within the meaning of point [17] of the Interinstitutional Agreement of XX/YY/201Z between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management, for the budgetary authority during the annual budgetary procedure.

(21) This Regulation lays down, for the entire duration of the Programme, ***an indicative*** financial envelope constituting the ***financial*** reference, within the meaning of point [17] of the Interinstitutional Agreement of XX/YY/201Z between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management, for the budgetary authority during the annual budgetary procedure.

*Justification*

*Bringing the recital in line with Art.19 paragraph 1.*

## Amendment 9

### Proposal for a regulation Recital 23

#### *Text proposed by the Commission*

(23) With regard to the implementation of the Programme, the specific nature of the cultural and creative sectors should be taken into account, **and** particular care should be taken to ensure that administrative and financial procedures are simplified.

#### *Amendment*

(23) With regard to the implementation of the Programme, the specific nature of the cultural and creative sectors should be taken into account. ***Access to the Programme, in particular, should be granted to small and medium size entities, and not limited to large operators only. The Programme should support not only multi-year projects, but also short- and medium-term undertakings. Particular*** care should be taken to ensure that administrative and financial procedures are simplified.

#### *Justification*

*Due to the nature of the culture and creative sectors, the small and medium sized projects and undertakings should not be excluded from the scope of the project, since they also contribute to creativity and diversity which are essential for the flowering of the European culture.*

## Amendment 10

### Proposal for a regulation Recital 29

#### *Text proposed by the Commission*

**(29) Provisions should be made for measures governing the transition from Culture 2007, MEDIA 2007 and MEDIA Mundus Programmes to the Programme established in this Regulation.**

#### *Amendment*

(29) Provisions should be made for measures governing the transition from Culture 2007, MEDIA 2007 and MEDIA Mundus Programmes to the Programme established in this Regulation. ***However, in the transition phase as well as in the operation of the new joint Programme, the individual focus and objectives of each of these programmes (Culture, Media and Media Mundus) should not be diminished.***

*Justification*

*Since, in the next MFF, Media Mundus programme has been integrated in the common framework, its priorities - international cooperation and projection of European cultural products abroad - should not be lost.*

**Amendment 11**

**Proposal for a regulation  
Article 7 - Title**

*Text proposed by the Commission*

*Amendment*

The Cultural and Creative Sectors Facility

The Cultural and Creative Sectors  
**Financial** Facility

*Justification*

*The "financial" nature of the new support instrument should be made explicit in the title.*

**Amendment 12**

**Proposal for a regulation  
Article 7 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

**2. The priorities** shall be **implemented as defined in Annex I.**

**2. The Financial Facility** shall be **a debt instrument providing guarantees, technical expertise and capacity to assess and cover risks and, potentially, capital relief, for projects in the cultural and creative sectors through leverage opportunities for financial intermediaries.**

*Justification*

*The Financial Facility should be described in depth not only in the Annex or the Financial Statement but mainly in the legislative text.*

## Amendment 13

### Proposal for a regulation

#### Article 7 – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

***2a. Financial intermediaries selected for support shall conform with best market practice, considering the difficulty of valuating risk in creative projects, and shall be based on the volume of debt financing made available to cultural or creative operators, cultural and creative operator's ability to access financing, risk-taking and additional financing available for the financial intermediary for the support of cultural and creative operators.***

*Justification*

*The Financial Facility should be described in depth not only in the Annex or the Financial Statement but mainly in the legislative text.*

## Amendment 14

### Proposal for a regulation

#### Article 7 – paragraph 2 b (new)

*Text proposed by the Commission*

*Amendment*

***2b. Individual guarantees may have a maturity of up to 10 years. In accordance with Article XX.X of Regulation (EU) No XX/2012 [on the financial rules applicable to the general budget of the Union], revenues and repayments generated by the guarantees shall be re-assigned to the Financial Facility. For financial facilities already set up in the previous multiannual financial framework, revenues and repayments generated by operations started in the previous period shall be assigned to the Financial Facility in the current period.***

### *Justification*

*The Financial Facility should be described in depth not only in the Annex or the Financial Statement but mainly in the legislative text.*

### **Amendment 15**

#### **Proposal for a regulation**

#### **Article 7 – paragraph 2 c (new)**

*Text proposed by the Commission*

*Amendment*

***2c. Capacity building under the Financial Facility shall be essentially the provision of expert services to the financial intermediaries signing a facility agreement under the Cultural and Creative Sectors Financial Facility, with the objective of providing each financial intermediary with additional expertise and capacity to evaluate risks associated to financing the cultural and creative sectors. Additionally, operators in the cultural and creative sectors shall benefit from this capacity building by developing the appropriate skills to elaborate business plans and to prepare accurate information of their projects that may help the financial intermediary evaluate the cultural and creative projects in an efficient way.***

### *Justification*

*The Financial Facility should be described in depth not only in the Annex or the Financial Statement but mainly in the legislative text.*

### **Amendment 16**

#### **Proposal for a regulation**

#### **Article 7 – paragraph 2 d (new)**

*Text proposed by the Commission*

*Amendment*

***2d. The budgetary allocation shall cover the full cost of the Financial Facility, including payment obligations towards***

*financial intermediaries such as losses from guarantees, management fees for the European Investment Fund managing the Union's resources, as well as any other eligible costs or expenses.*

*Justification*

*The Financial Facility should be described in depth not only in the Annex or the Financial Statement but mainly in the legislative text.*

**Amendment 17**

**Proposal for a regulation**

**Article 7 – paragraph 2 e (new)**

*Text proposed by the Commission*

*Amendment*

*2e. Each financial intermediary shall provide an appropriate level of visibility and transparency to the support given by the Union, including adequate information on the financial opportunities made available by the Programme. It shall be ensured that the final beneficiaries are adequately informed of the available financing opportunities.*

*Justification*

*The Financial Facility should be described in depth not only in the Annex or the Financial Statement but mainly in the legislative text.*

**Amendment 18**

**Proposal for a regulation**

**Article 7 – paragraph 2 f (new)**

*Text proposed by the Commission*

*Amendment*

*2f. The target for the volume of financial guarantees in the framework of the Financial Facility for 2020 shall be EUR 1 billion worth of loans.*

### *Justification*

*The Financial Facility should be described in depth not only in the Annex or the Financial Statement but mainly in the legislative text. The target for the Facility should be established, as a quantitative indicator.*

## **Amendment 19**

### **Proposal for a regulation**

#### **Article 11 – paragraph 2 – point d a (new)**

*Text proposed by the Commission*

*Amendment*

***(da) improving the competitiveness of the European audiovisual industry and the distribution of European works outside of Europe and increasing public demand for culturally diverse audiovisual content.***

### *Justification*

*In the remit of supporting international circulation of European media products, it is important to support the competitiveness of European audio-visual industry and promote demand for this audiovisual content to counter competition from the United States and growing competition from Asia.*

## **Amendment 20**

### **Proposal for a regulation**

#### **Article 19 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

1. The financial envelope for implementing this Programme for the period set out in Article 1 (1) is fixed at EUR 1 801 000 000.

***1. Within the meaning of point [17] of the Interinstitutional Agreement of .../.... between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management, the prime reference amount for the budgetary authority during the annual budgetary procedure in terms of the financial envelope for implementing this Programme for the period set out in Article 1 (1) is fixed at EUR 1 801 000 000.***

*Justification*

*The Programme break-down for the three strands should be included in the legislative proposal to ensure proper and adequate financing for all priorities.*

**Amendment 21**

**Proposal for a regulation**

**Article 19 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. The budgetary authority shall authorise the available annual appropriations without prejudice to the provisions of the Council Regulation laying down the multiannual financial framework for the years 2014-2020 and the Interinstitutional Agreement of xxx/201z between the European Parliament, the Council and the Commission on cooperation in budgetary matters and sound financial management.***

*Justification*

*The amendment aims to reinforce the role of the European Parliament as the budgetary authority in the annual budgetary procedure.*



## PROCEDURE

<b>Title</b>	Creative Europe Programme						
<b>References</b>	COM(2011)0785 – C7-0435/2011 – 2011/0370(COD)						
<b>Committee responsible</b> Date announced in plenary	CULT 30.11.2011						
<b>Opinion by</b> Date announced in plenary	BUDG 30.11.2011						
<b>Rapporteur</b> Date appointed	Barbara Matera 6.2.2012						
<b>Date adopted</b>	15.11.2012						
<b>Result of final vote</b>	<table> <tr> <td>+: </td><td>23</td></tr> <tr> <td>–: </td><td>2</td></tr> <tr> <td>0: </td><td>3</td></tr> </table>	+:	23	–:	2	0:	3
+:	23						
–:	2						
0:	3						
<b>Members present for the final vote</b>	Marta Andreasen, Zuzana Brzobohatá, José Manuel Fernandes, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Jens Geier, Ivars Godmanis, Lucas Hartong, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Ivailo Kalfin, Jan Kozłowski, Alain Lamassoure, George Lyon, Barbara Matera, Jan Mulder, Juan Andrés Naranjo Escobar, Nadezhda Neynsky, Dominique Riquet, Alda Sousa, Derek Vaughan						
<b>Substitute(s) present for the final vote</b>	François Alfonsi, Jürgen Klute, Peter Šťastný, Georgios Stavrakakis, Nils Torvalds						