

## **A strong budget for Creative Europe to unlock the potential of Europe's cultural and creative sectors**

EU leaders will meet in Brussels on 7-8 February to try to reach an agreement on the EU's 2014-2020 multi-annual financial framework

As organisations representing the interests of the music sector, EMO (the European Music Office) and IMPALA (the Independent Music Companies Association) **call on you to support a strong budget for Creative Europe**, the 2014-2020 programme for the cultural and creative sectors.

As highlighted by the European Commission in its recent Communication "Promoting cultural and creative sectors for growth and jobs in the EU", the **EU's cultural and creative sectors account for 4,5% of EU GDP and up to 8,5 million jobs**. On the other hand, the current financial envelope allocated to the EU 'Culture Programme' represents only 0.04% of the Union's budget.

In their recently published programme<sup>1</sup> the Irish, Lithuanian and Greek trio of Presidencies announced their aim to "strengthen the role of culture during this time of recovery from the crisis" and to "demonstrate culture's contribution to job creation and growth, mainly through the cultural and creative industries (...)".

**We believe it is crucial to support a strong budget for Creative Europe, as it represents a great opportunity to unlock the potential of Europe's cultural and creative industries**, an objective the EU has been pursuing for some time now<sup>2</sup>. This is all the more important that budgets for culture are being cut across Europe, and that this proposal will have a **truly beneficial impact on Europe** in terms of jobs, growth, cultural diversity, mobility of artists and projects, and international presence.

The Programme will encourage the transition to new, more viable business models. It will also support international tours and festivals, which have a massive economic impact on other industries such as tourism, maintenance and security, and many more. In fact **the benefits of this programme will be felt throughout the entire European economy**, as cultural and creative industries produce well-documented spillover effects in other sectors<sup>3</sup>.

**We particularly welcome the introduction of the Cultural and Creative Sectors Facility** (cross-sectoral strand of the Creative Europe programme). This instrument will provide solid financial guarantees to banks lending to cultural and creative actors (from individual entrepreneurs to SMEs through non-profit actors) and improve financial intermediaries' technical capacity to evaluate the risks associated with investing in the cultural and creative sectors. **This facility will help fill the existing funding gap** (between €2,8 and €4,8 billion according to the European Commission)". It is estimated by the European Commission that a fund of €200 million could generate up to €1 billion worth of loans.

<sup>1</sup> 18 month programme (1 January 2013 - 30 June 2014) of the Council, prepared by the future Irish, Lithuanian and Greek Presidencies - 7 December 2012

<sup>2</sup> European Commission Communication "Promoting cultural and creative sectors for growth and jobs in the EU", September 2012; European Parliament Report on cultural and creative industries, April 2011; European Commission Green Paper on cultural and creative industries, April 2010; Council conclusions on the contribution of culture to local and regional development, May 2010.

<sup>3</sup> See for example the study "The impact of culture on creativity", prepared by KEA for the European Commission, June 2009

**In order for this instrument to be efficient, a certain scale is needed, which is why the budget currently allocated to this instrument should not be touched.**

**The Cultural and Creative Sector Facility is expected to trigger much-needed investment in these sectors, which represent one of Europe's strongest assets.** Cultural and creative operators, especially in the music sector, often struggle to get loans from banks which view the sector as risky. We see this proposal as a chance to address an ongoing market failure.

Also, the use of EU money for this scheme will add value, as it has an important leverage effect and will become auto-financing as monies are repaid, hence representing an efficient use of public funds in times of austerity.

For all these reasons, we call you to back the European Commission's proposal of a 1.8 billion euro budget for the Creative Europe Programme.

**Jean-Marc Leclerc, Executive Manager, European Music Office**

**Helen Smith, Executive Chair, IMPALA**

*About the European Music Office:*

*EMO is an international organisation promoting musical diversity and representing the interests of European music professionals. EMO brings together 16 international and national professional organisations, associations and federations from the music sector within Europe, representing all music genres and sectors. Moreover, EMO develops music cooperation projects responding to EU calls for proposals with the aim of promoting the mobility of artists and the circulation of works, such as the European Talent Exchange Programme (ETEP) or the European Border Breakers Awards (EBBA), both co-funded by the EU Culture Programme.*

*About IMPALA:*

*IMPALA represents over 4.000 music companies and national associations across Europe, representing 99% of Europe's music actors which are micro, small and medium sized companies. Known as the "independents", they are world leaders in terms of innovation and discovering new music and artists - they produce more than 80% of all new releases, thus contributing strongly to cultural diversity.*