



**COUNCIL OF
THE EUROPEAN UNION**

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Subject: Proposal for a Regulation of the European Parliament and of the Council on
establishing the Creative Europe Programme
- *Partial general approach*

Please find attached a Presidency issues paper in preparation of the public legislative deliberation with a view to reaching a partial general approach on the above file at the EYCS Council on 10-11 May 2012.

The Creative Europe Programme

Presidency issues paper

1. Introduction

In the context of the Commission's proposal for a Multiannual Financial Framework for 2014-2020, the Commission has proposed a Regulation of the European Parliament and of the Council on establishing the Creative Europe Programme¹. The proposed Programme brings under a single framework the current Culture, MEDIA and MEDIA Mundus programmes, and includes a new Cultural and Creative Sectors Facility to improve access to finance for small and medium-sized enterprises and organisations operating in these sectors. The objective of the facility is to provide guarantees to financial institutions dealing with cultural and creative small and medium-sized enterprises and organisations and thereby enabling them easier access to loans.

Discussions in the preparatory bodies of the Council regarding the Cultural and Creative Sectors Facility have so far mainly focused on clarifying the nature and scope of the Cultural and Creative Sectors Facility.

Against this background the Presidency would like to invite Ministers - during the exchange of views planned for the Council meeting on the Creative Europe Programme - to pay particular attention to the proposed new Cultural and Creative Sectors Facility with a view to providing guidance for further work on this part of the proposal on the Programme.

¹ COM(2011) 785 final - 17186/11.

2. Background

The proposed new Cultural and Creative Sectors Facility² should be seen in the context of the general focus on the contribution of small and medium- sized enterprises to jobs and growth. The analysis behind the proposal is that there is a need to address difficulties faced by cultural and creative small and medium-sized enterprises in accessing finance, inter alia due to the intangible nature of many of their assets such as copyright, and the limited expertise among financial institutions in the area of financial analysis of cultural and creative small and medium-sized enterprises and projects throughout the EU.

By encouraging financial institutions to build up their business in relation to the cultural and creative sectors and thereby facilitating access to finance for these sectors, the proposed new Cultural and Creative Sectors Facility is intended to strengthen the sectors' financial capacity and competitiveness, thereby opening new opportunities for growth and employment. It is also envisaged that the Cultural and Creative Sectors Facility will lessen small and medium-sized enterprises' dependence on public subsidies in some cases, while opening up new revenue streams in others.

Management of the Cultural and Creative Sectors Facility is envisaged to be mandated to a third party financial institution, such as the European Investment Fund (EIF), due to the nature of the expertise required for the running of such a facility.

² The proposed Cultural and Creative Sectors Facility should be seen as part of a horizontal approach of the Commission to streamline and rationalise the EU's toolbox of innovative financial instruments (see Commission Communication of 19 October 2011 on a framework for the next generation of innovative financial instruments - the EU equity and debt platforms, COM (2011) 662 final). Principles and rules for the financial instruments form part of the Commission's proposal for a new Financial Regulation, which is presently subject to negotiations. The proposed Cultural and Creative Sectors Facility is envisaged by the Commission to be combined with another financial instrument for small and medium-sized enterprises.

3. Exchange of views

With a view to facilitating further work on the proposal for the Cultural and Creative Sectors Facility, Ministers are invited to consider the following questions:

1. What is your view on the proposed Cultural and Creative Sectors Facility as part of the Creative Europe Programme aiming at promoting cultural and linguistic diversity and strengthening the competitiveness of the cultural and creative sectors?
 2. Which key possibilities and challenges do you see in introducing the proposed Cultural and Creative Sectors Facility? If you find that there are such key possibilities and challenges, please indicate these.
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