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DRAFT STATEMENT OF THE COUNCIL'S REASONS

Subject: Position of the Council at first reading in a view of the adoption of a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL establishing the Creative Europe Programme (2021 to 2027)
and repealing Regulation (EU) No 1295/2013
– Draft Statement of the Council's reasons

I. INTRODUCTION

1. On 30 May 2018, the European Commission adopted a proposal for a Regulation of the European Parliament and of the Council establishing the Creative Europe programme (2021 to 2027) and repealing Regulation (EU) No 1295/2013¹.
2. The European Parliament adopted its first reading position on 28 March 2019.
3. The European Economic and Social Committee adopted its opinion on 12 December 2018, whilst the Committee of the Regions adopted its opinion on 6 February 2019.
4. At its meeting on 20 December 2018, the Council agreed on a partial general approach (articles only)². On 17 April 2019, the Permanent Representatives Committee approved the mandate for negotiations with the European Parliament (complete text comprising both recitals and articles)³. Four trilogues were held and a provisional agreement was reached at the last trilogue on 14 December 2020.
5. On 18 December 2020, the Permanent Representatives Committee endorsed the final compromise⁴ resulting from the trilogues.
6. On 11 January 2021, the CULT Committee of the European Parliament gave its endorsement to the text.

1 9170/18 + ADD 1.
2 15618/18 + ADD 1.
3 7526/19.
4 13848/20.

II. OBJECTIVE

7. The general objectives of the Programme are to safeguard, develop and promote European cultural and linguistic diversity and heritage and to increase the competitiveness and the economic potential of the cultural and creative sectors, in particular the audiovisual sector. The specific objectives include European level cooperation in order to support the creation of European works and reinforce the economic, social and external dimension of the European cultural and creative sectors, promoting the competitiveness of the European audiovisual sector, policy cooperation and innovation as well as media pluralism and media literacy.
8. The Programme maintains the architecture of the predecessor Creative Europe Programme (2014-2020) with three distinct strands: a Culture strand which covers cultural and creative sectors with the exception of the audiovisual sector, a MEDIA strand dedicated to the audiovisual sector and a Cross-sectoral strand to support cross-cutting actions spanning all cultural and creative sectors.

III. ANALYSIS OF THE COUNCIL'S POSITION AT FIRST READING

9. On the basis of the Commission proposal, the Council and the Parliament conducted negotiations with the aim of concluding an early second-reading agreement based on a Council first-reading position that the Parliament could approve as such.
10. The Council's position at first reading contains the following main elements, on which an agreement between co-legislators has been found in the trilogues:

Key issues

11. Governance

The European Parliament had raised concerns regarding the governance of the Programme, indicating its wish to guard against initiatives introduced without its prior consent during the programming period. The co-legislators agreed on having a closed list of actions in Annex I (*Description of the Programme actions*), which is very detailed in substance; the flexibility is thus placed exclusively on the implementation level. New actions may only be introduced via a proposal to amend the Regulation to be submitted by the Commission. This guarantees the involvement of both co-legislators in politically relevant decisions during the duration of the Programme. Work programmes are to be adopted by means of an implementing act, with the Programme Committee maintained as a mechanism of control by Member States. The use of delegated acts is foreseen for developing the provisions for a monitoring and evaluation framework, including amendments to Annex II in order to review or supplement the indicators.

12. Budget

The agreement between co-legislators corresponds to the financial envelope decided by the European Council in the context of the 2021-2027 MFF (EUR 1 842 000 000 in current prices), supplemented by an additional allocation of EUR 600 000 000 in 2018 prices (resulting from the programme-specific adjustment provided for in Article 5 of Regulation (EU, Euratom) 2020/2093). The two co-legislators also agreed that the same model be used for the breakdown per strand for both the financial envelope and the additional allocation: at least 33% for the objective corresponding to the Culture strand, at least 58% for the objective corresponding to the MEDIA strand and up to 9% for the objective corresponding to the Cross-sectoral strand.

13. Entities which may be awarded grants without a call for proposal

When defining the entities eligible to participate in the Programme, the Commission proposed two entities which could benefit from grants without a call for proposal: the European Film Academy (EFA) and the European Union Youth Orchestra (EUYO). Although the Parliament's original position was similar to the Commission's, with the EFA included as a beneficiary of direct support without competition in the specific context of the LUX Prize activity, the Council's initial position was less favourable, emphasising fair competition as a pre-condition for accessing public funding. The text resulting from the negotiations does not provide for designated beneficiaries for grants without calls for proposals. It nevertheless includes an explicit reference to the LUX Prize among the actions through which the priorities of the MEDIA strand are to be pursued (Annex I). As for the EUYO, the text consists of a) recognising its specific status in a recital (40) and b) providing an opening for supporting this body in Annex I (solution similar to the one identified for the LUX Prize). EUYO is also the object of a letter of intent submitted by the Commission.

14. Level playing field

The main elements defining the Council position on this matter which was extensively discussed are the following:

- applying the 'level playing field' concept exclusively to the MEDIA strand;
- recognition of the need to take into account the differences across countries regarding the production and distribution of audiovisual content, the access to this type of content and the trends relating to its consumption, and in particular, their linguistic and geographical specificities;
- the aim to support European talent, wherever located, to operate across borders and internationally;
- reflecting the concept of 'level playing field' in two indicators (which as such capture important elements of the Programme and are used for the assessment of its performance).

15. The treatment of the music sector

The agreed text comprises a streamlined recital (13) and an emphasised reference to the music sector in the 'chapeau' for the sectoral actions under the Culture strand. In line with what was proposed by the Commission, the music sector is identified as being the object of such a distinct sectoral action, alongside the book and publishing sector, architecture and cultural heritage as well as other sectors of artistic creation with specific needs.

16. Inclusion

The agreed text includes a new horizontal reference to inclusion in the Programme (located in Article 3 - *Programme objectives*).

Other issues

17. The co-legislators agreed to preserve the MEDIA logo, whose visual symbol has been included in a new Annex added to the text.
18. On third country participation, the result of the negotiations foresees that all third countries participating in the MEDIA and Cross-sectoral strands of the Programme must comply with the conditions set out in the Audiovisual Media Services Directive (AVMSD). In duly justified cases, European Neighbourhood Policy countries may benefit from a derogation from this obligation. EEA EFTA States, candidate countries and potential candidates that fully participated in the 2014-2020 Programme will benefit from a transitional period to align their national law to the revised AVMS Directive. Third countries participating in the Culture strand only are given the opportunity to set up a Programme desk.
19. Several provisions have been changed to ensure a horizontal approach to all MFF-related files. They concern issues such as the addition of the duration of the Programme in Article 1, aligned with the timeframe of the 2021-2027 MFF, third country participation, the protection of the Union's financial interests, the Seal of Excellence, the cumulative and alternative funding and retroactivity.

IV. CONCLUSION

20. The Council's position at first reading fully reflects the compromise reached in the negotiations between the Council and the European Parliament, facilitated by the Commission. This compromise is confirmed by the letter that the Chair of the European Parliament's CULT Committee addressed to the Chair of the Permanent Representatives Committee on 15 January 2021. In this letter, the Chair of the CULT Committee indicates that, should the Council transmit formally to the Parliament its position as agreed, she would recommend to the Plenary that the Council's position be accepted without amendment, subject to legal-linguistic verification, at Parliament's second reading.
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