UNIC

UNION INTERNATIONALE DES CINÉMAS
INTERNATIONAL UNION OF CINEMAS

EU FINANCIAL INITATIVES
As of 19 November 2020

Please find a range of EU initiatives that could be of relevance for cinemas below. Please note that this working document will be updated regularly (updates appear in red).

A detailed document covering each of these initiatives – including their approval process by the European Parliament and the Council - is available upon request.

EU MULTI-ANNUAL FINANCIAL FRAMEWORK (MFF) AND RECOVERY FUND – led by the EU and Member States

On 27 May, the European Commission put forward its proposal for a major recovery plan. To ensure the recovery is "sustainable, even, inclusive and fair" for all Member States, the EU executive proposed the creation of a new recovery instrument, Next Generation EU, embedded within the Multi-annual Financial Framework for 2021-2027. The proposal is a €750 billion COVID-19 recovery instrument together with a reinforced Multiannual Financial Framework (MFF) for 2021-2027, bringing the total EU budget to €1.85 trillion. The Commission also proposed amending the current Multi-annual Financial Framework (2014-2020) to make an additional €11.5 billion in funding available in 2020.

Most of the financial support will remain within the remit of Member States, who will decide, within the new proposal, which sectors of their economies should be prioritised. That said, the cultural sector was highlighted in the European Commission's proposal as one of the key 14 ecosystems that had been the most impacted by the crisis and that should therefore be a priority for recovery (along with tourism, health and transport for eg.).

On 17-21 July, EU leaders convened in Brussels for a special EU Council meeting to reach an agreement on the EU's COVID-19 recovery package and the upcoming Multiannual Financial Framework (MFF).
Following four days of negotiations, Member States eventually agreed on a total package of €1.82 trillion, combining the MFF budget (€1.074 trillion) and the Next Generation EU instrument (€750 billion). On the latter, the total amount of €750 billion will be disbursed in the form of €390 billion in grants and €360 billion in loans, a noticeable re-allocation from Michel's original proposal of €500 billion in grants/€250 billion in loans.

In an extraordinary Plenary session on 23 July, MEPs debated the Council's agreement on the recovery package and MFF and approved a motion for resolution.

A trilogue meeting took place on 7 September, during which the European Parliament – in line with its motion for resolution - requested to bolster the MFF with around €110 billion and legally binding commitments on the introduction of new levies to finance the bloc's €750 billion stimulus against the COVID-19 crisis.

In Plenary on 17 September, the Parliament voted to approve its motion for resolution on the cultural recovery of Europe. Tabled by MEPs from all but one of the Parliament's political Groups, point 5 of the motion calls on the Commission and Member States to earmark at least 2% of the Recovery and Resilience Facility (part of Next Generation EU – see below) for the cultural and creative sectors.

A number of amendments have also been tabled by MEPs in their report on the Recovery and Resilience Facility to support the cultural and creative sectors – see below.

An agreement was found on 10 November between the European Commission, the European Parliament and the Council on the 2021-2027 MultiAnnual Financial Framework and the EU Recovery Plan (Next Generation EU). However, Poland and Hungary vetoed the budget and coronavirus recovery plan over a clause that ties funding with adherence to the rule of law in the bloc.

Please find the proposed measures that have been flagged as relevant to the cultural and creative sectors below.

Under Next Generation EU

- A new Recovery and Resilience Facility: The Council agreement of 21 July increased the total amount of loans and grants for the Recovery and Resilience facility from €250 billion to €360 billion and €310 billion to €312.5 billion respectively. The Parliament report on the RRF was adopted in committee on 9 November. Unfortunately, it doesn't set an obligation for Member States to earmark a specific % for their cultural and creative sectors (CCS).
- REACT-EU: On 18 November, European Parliament and Council concluded negotiations on providing assistance to foster crisis repair in response to the COVID-19 pandemic and its social consequences, and preparing a green, digital and resilient recovery of the EU economy (REACT-EU). Parliament and Council are now expected to endorse the content of the agreement.
- InvestEU : InvestEU is the EU's proposed flagship investment programme. On 29 October, the Budgetary and Economic and Monetary Affairs committees adopted their report on InvestEU The report mentions "Access to finance primarily for SMEs, including for innovative SMEs and SMEs operating in the cultural and creative sectors, as well as small mid-cap companies (up to €5 billion)". The vote is set for plenary in November. On 4 November, the Council adopted its position and partial mandate on Invest EU. This means that Trilogue on this specific initiative can soon start. Following the political agreement on budget of 10 November, InvestEU's budget has been increased to €3.8 billion.

Under EU Programmes

- Creative Europe : The agreement of 10 November outlines an increased budget to €2.2 billion.

- Horizon Europe: Following the institutional agreement on the MFF on 10 November, Horizon Europe's budget was increased by €4 billion, for a total envelope of €79.9 billion.

CREATIVES UNITE – EU and industry-led

Launched by the Commission on 4 May, this platform aims to gather all the information regarding creative opportunities coming from, and referring to, the cultural and creative industries (CCIs), by directing visitors to the relevant websites of the respective networks, organisations – including UNIC - and initiatives and providing an opportunity to co-create and share solutions. More information is available here.

CORONAVIRUS RESPONSE INVESTMENT INITIATIVE (I & II) – Member State led

In order to quickly address the fallout of the coronavirus outbreak, the European Commission proposed a €37 billion Corona Response Investment Initiative directed towards healthcare systems, small and medium enterprises (SMEs) (but not limited to) -, labour markets and other vulnerable parts of the economy. The proposal entails relinquishing this year's refund obligations related to unspent pre-financing from the European structural and investment funds. More information is available here.

TEMPORARY FRAMEWORK FOR STATE AID MEASURES TO SUPPORT THE ECONOMY IN THE CURRENT COVID-19 OUTBREAK – Member State led

To further mitigate the economic shock and save businesses, the European Commission has green-lighted the most flexible State Aid rules to date, allowing Member States to provide direct support for hard-hit companies and small firms as, without support, they may run the risk of ceasing operations. The aim of these measures is to ensure that businesses retain the means to keep operating, or temporarily freeze their activities, without implicating their long-term growth prospects. The Commission announced that it was prolonging and expanding the Temporary State Aid Framework to further support companies facing significant turnover losses. In addition to the extension (until 30 June 2021), a new measure also enables Member States to support companies facing a decline in turnover during the eligible period of at least 30% compared to the same period of 2019 due to the coronavirus outbreak. More information is available here.

GENERAL ESCAPE CLAUSE OF THE STABILITY AND GROWTH PACT – Member State led

The European Commission has, for the first time ever, activated the general escape clause of the Stability and Growth Pact as part of its strategy to quickly and forcefully respond to the coronavirus outbreak in a timely and coordinated manner. This enables national governments to better support their national economies as budgetary rules have been significantly relaxed – more information is available here.

SUPPORT MITIGATING UNEMPLOYMENT RISKS IN EMERGENCY (SURE) INITIATIVE - Member State led

The European Commission launched a new measure designed to protect jobs and workers affected by the coronavirus outbreak - the temporary Support mitigating Unemployment Risks in Emergency (SURE) initiative. It will provide financial assistance of up to €100 billion to Member States in the form of loans granted on favourable terms. These loans will help Member States to cover the costs of national short-time work schemes (public programmes that allow firms to reduce working hours while providing income support). The scheme was officially launched on 1 June 2020 and more information can be found here. The Commission has presented proposals to the Council to grant financial support of €87.3 billion to 16 Member States under SURE: Belgium, Bulgaria, Czechia, Greece, Spain, Croatia, Italy, Cyprus, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. More information is available here.

PROTECTING SMALL AND MEDIUM-SIZED BUSINESSES - led by the EU and national financial institutions

The Commission announced that an estimated €8 billion would be made available to provide immediate financial relief to small and medium-sized businesses across the EU. The Commission has unlocked €1 billion from the European Fund for Strategic Investments to serve as guarantees to the European Investment Fund in incentivising local banks and other lenders to provide liquidity to at least 100,000 European small and medium enterprises. The EIB also created dedicated liquidity lines to banks to ensure additional working capital support for SMEs and mid-caps of €10 billion, and dedicated asset-backed securities (ABS) purchasing programmes to allow banks to transfer risk on portfolios of SME loans, mobilising another €10 billion of support. More information can be found here, here, here and here.

EUROPEAN INVESTMENT BANK (EIB) GROUP PLAN - led by the EU and national financial institutions
The EIB Group has proposed a plan to mobilise up to €40 billion of financing. This will go towards bridging loans, credit holidays and other measures designed to alleviate liquidity and working capital constraints for SMEs and mid-caps. The EIB Group, including the European Investment Fund (EIF) (which specialises in support for SMEs) will work through financial intermediaries in the Member States and in partnership with national promotional banks. More information is available here.

EUROPEAN GUARANTEE FUND - led by the EU and national financial institutions
European Finance Ministers approved the establishment of a European Guarantee Fund of €25 billion that will support up to €200 billion of financing for companies, with a special focus on SMEs. The €25 billion guarantee fund will be funded by EU Member States pro rata to their shareholding in the EIB and/or other institutions. Thanks to the guarantee, the EIB Group will be able to provide existing products to local banks and other financial intermediaries, who are in close contact with businesses in all Member States and can unlock financing to the real economy, without risking financial instability. More information can be found here.

BANKING PACKAGE AND CAPITAL MARKETS RECOVERY PACKAGE
On 28 April, the Commission proposed a Banking Package to facilitate bank lending to households and businesses throughout the EU. In July 2020, it also adopted a Capital Markets Recovery Package, to make it easier for capital markets to support European businesses to recover from the crisis. The package proposes targeted changes to capital market rules, which will encourage greater investment in the economy, allow for the rapid re-capitalisation of companies and increase banks' capacity to finance the recovery.

CREATIVE EUROPE MEDIA PROGRAMME – EU-led
Special measures for cinemas have been outlined, with an additional €5 million for cinemas that have been " most affected by the lock down." Accelerated payments have also been made to Europa Cinemas beneficiaries - 2019 support will be paid in June 2020 instead of Autumn 2020, along with an exceptional COVID-19 advance payment of 50% of support for 2020 (calculated on the basis of 2019 programming support).

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