



UNION INTERNATIONALE DES CINÉMAS
INTERNATIONAL UNION OF CINEMAS

EU FINANCIAL INITIATIVES

As of 31 July 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 was 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.

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 – negotiations are ongoing.

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.
- REACT-EU: The Council agreement of 21 July outlines a reduction in the total amount of REACT EU grants from €50 billion to €47.5 billion.
- A new Solvency Support Instrument: The Council agreement of 21 July made no mention of the instrument and its cancellation was mentioned by the European Parliament in its motion for resolution, approved in Plenary on 23 July.
- InvestEU



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Under EU Programmes

- **Creative Europe** : The Council's agreement outlines a financial envelope of €1.642 billion for the Creative Europe Programme, a small increase on the Commission's proposal from May 2020 (which proposed €1.52 billion) but less than the initial proposal made by the European Commission in 2018 - €1.85 billion
- **Horizon Europe**: The Council agreement of 21 July outlines a reduction in the total amount of grants set out for Horizon Europe, from €13.5 billion to €5 billion, with all countries being given less funding.

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. 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-



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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](#).

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](#).

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).

THE GUARANTEE FACILITY – EU-led

The European Commission is currently examining the possibility of introducing changes to Creative Europe's guarantee facility to mitigate the effects of the pandemic on the cultural and creative sectors. The Guarantee Facility was created to enhance access to finance for SMEs in the cultural and creative sectors (CCS), and it has been operational since 2016. The Commission mentioned that they would mobilise more money to increase the guarantee rate of the loans – more information is available [here](#).

More recently, and more specifically for the cultural and creative sectors, on 29 July, the European



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Commission and the European Investment Fund introduced [new measures](#) under the Cultural and Creative Sectors Guarantee Facility (CCS GF). The enhanced guarantee terms are geared towards benefitting over 2,500 businesses active in the cultural and creative sectors impacted by COVID-19, through incentivising financial intermediaries to provide more flexible terms and conditions in order to alleviate working capital and liquidity constraints caused by the COVID-19 crisis.