

# Procedure file

Basic information		
CNS - Consultation procedure Decision	1995/0281(CNS)	Procedure lapsed or withdrawn
Cinema and television: establishment of a European guarantee fund to promote production		
Subject 4.45.02 Cultural programmes and actions, assistance 4.45.08 Cultural and artistic activities, books and reading, arts		

Key players			
European Parliament	Committee for opinion	Rapporteur for opinion	Appointed
	<b>BUDG</b> Budgets		24/01/1996
		PPE <a href="#">PERRY Roy</a>	
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy	The committee decided not to give an opinion.	
Council of the European Union	<b>ENER</b> Research, Technological Development and Energy		
	Council configuration	Meeting	Date
	Culture	<a href="#">2048</a>	24/11/1997
	Culture	<a href="#">2022</a>	30/06/1997
	Culture	<a href="#">1981</a>	16/12/1996
	Culture	<a href="#">1936</a>	11/06/1996
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">1906</a>	11/03/1996
	Culture	<a href="#">1884</a>	20/11/1995
	Culture	<a href="#">1860</a>	21/06/1995
	Culture	<a href="#">1841</a>	03/04/1995

Key events			
03/04/1995	Debate in Council	<a href="#">1841</a>	Summary
21/06/1995	Debate in Council	<a href="#">1860</a>	Summary
14/11/1995	Legislative proposal published	COM(1995)0546	Summary
20/11/1995	Debate in Council	<a href="#">1884</a>	Summary
01/02/1996	Committee referral announced in Parliament		
11/03/1996	Debate in Council	<a href="#">1906</a>	Summary

11/06/1996	Debate in Council	<a href="#">1936</a>	Summary
07/10/1996	Vote in committee		Summary
07/10/1996	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0304/1996</a>	
21/10/1996	Debate in Parliament		
22/10/1996	Decision by Parliament	T4-0509/1996	Summary
16/12/1996	Debate in Council	<a href="#">1981</a>	Summary
30/06/1997	Debate in Council	<a href="#">2022</a>	
24/11/1997	Debate in Council	<a href="#">2048</a>	
09/06/2000	End of procedure in Parliament		
09/06/2000	End of procedure in Parliament		
09/06/2000	End of procedure in Parliament		
09/01/2004	Additional information		Summary

#### Technical information

Procedure reference	1995/0281(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC Treaty (after Amsterdam) EC 157
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	CULT/4/07549

#### Documentation gateway

Legislative proposal		COM(1995)0546 <a href="#">OJ C 041 13.02.1996, p. 0008</a>	14/11/1995	EC	Summary
Economic and Social Committee: opinion, report		<a href="#">CES0527/1996</a> <a href="#">OJ C 204 15.07.1996, p. 0005</a>	24/04/1996	ESC	Summary
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A4-0304/1996</a> <a href="#">OJ C 347 18.11.1996, p. 0005</a>	07/10/1996	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0509/1996 <a href="#">OJ C 347 18.11.1996, p. 0020-0033</a>	22/10/1996	EP	Summary

#### Additional information

European Commission	<a href="#">EUR-Lex</a>
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## Cinema and television: establishment of a European guarantee fund to promote production

The Council took note of an oral statement by Mr OREJA on the Commission's preparatory work for the submission of a proposal on this subject. The proposal would be complementary to that of the MEDIA II programme. The Commission was asked to state as soon as possible in a written statement what the guiding principles in this field were, so that they could be discussed by the Council at its meeting in June.

## Cinema and television: establishment of a European guarantee fund to promote production

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The Council took note of an interim report by Mr OREJA on the progress of the Commission's work in this area. The Commissioner said that work was focusing on the feasibility of a European Guarantee Fund, the purpose of which would be to stimulate the funding of production of audiovisual works. The Commission was asked to submit a communication as soon as possible.

## Cinema and television: establishment of a European guarantee fund to promote production

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- OBJECTIVE: The Council's proposal for a decision was aimed at establishing a European Guarantee Fund to promote cinema and television production. The Fund is to be an accompanying instrument for the MEDIA II programme. - SUBSTANCE: - Establishment of a European Guarantee Fund whose purpose is to promote the funding of European audiovisual drama production by offering guarantees in any form as permitted in law; - The actions to be taken under the Fund have the following objectives: . the development of European drama, cinema and television production intended for the European and international markets; . the development of European production companies operating in this field and the support of European distribution companies which are engaged in financing works of this kind; - The Fund is open to cooperation with third countries which have concluded agreements with the Community containing audiovisual clauses; - The Fund will offer guarantees covering short-term credit arrangements, as well as medium and long-term loans. Both premier-rate loans and lower-rate loans will be eligible for funding. In theory the guarantees offered under the Fund will not exceed 50% of the individual loans and credits; - In order to increase the efficiency of Community initiatives by bringing them under the same umbrella, the Commission proposes to involve the European Investment Fund (EIF) in the establishment and implementation of the European Guarantee Fund, on the basis of a specific mandate; - A Cooperation Agreement between the Commission and the EIF will define the terms and conditions for the administration of the European Guarantee Fund; - The Fund will seek to share with the EIF the risks which it will be underwriting in concluding the joint-guarantee agreements; - The Commission will regularly consult the professionals in the audiovisual sector as to the conditions under which the Guarantee Fund is to operate. ?

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The Council took note of the presentation by Commissioner OREJA of the proposal for a decision establishing a European Guarantee Fund to promote cinema and television production. This Guarantee Fund would be a complementary instrument to the MEDIA II Programmes and the Television without Frontiers Directive. The Council instructed the Permanent Representatives Committee to start examining the proposal and report back to its next meeting.

## Cinema and television: establishment of a European guarantee fund to promote production

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The Council took note of statements by the German, United Kingdom and Netherlands delegations, which expressed reservations, particularly of a financial nature, on the Commission proposal to create a guarantee fund to promote the European cinema and television industry, currently being examined by the Council bodies (Audiovisual/Cultural Affairs).?

## Cinema and television: establishment of a European guarantee fund to promote production

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The Committee considers that the Fund should be allocated its own independent resources from the Community budget, rather than taking the estimated MECU 90 from the MEDIA II Programme, as planned. There is a need to identify more clearly which types of producer are to benefit from the Fund; a choice has to be made between large-scale productions capable of competing internationally with the Americans, or the independent producers and film-makers who represent the best of European culture, and whose genuine masterpieces have earned them a place in the world market in recent decades. Therefore, small and medium-scale production companies should be favoured, with emphasis on plans for more films in order to be able to balance possible successes and failures and to limit risks. The cultural development aspect of the operation should be stressed along with the economic wisdom of producing programmes as a defence against a commercial invasion. From this point of view the Fund should be restricted to cinema alone, excluding audiovisual productions, serials and dramas made exclusively for television. Since the appropriation is limited, it might be worth considering offering a level of cover within a band between 20% and 50%, so that the Fund is able to assist a larger number of productions while limiting the risks of investment and thus encouraging banks to be come involved. Any reinsurance of the investment risk must not be charged to the intended beneficiaries but to the Fund itself, otherwise the funding could lose much of its value.?

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The Council took note of the progress made on the decision to establish the Fund and held an exchange of views that confirmed the need to examine the proposal in greater depth so that the matter might be debated, on a set of new legal bases, at the November 1996 sitting. The positions taken up by the delegations on the proposal for a decision, following the work done to date (including the exchange of views at the Ecofin Council on 11 March 1996), can be resumed as follows: The majority of the delegations were in agreement with the principle of creating a tool to promote cinema and television production. Within this group, however, several delegations adopted a more guarded approach towards the proposal, primarily for three reasons: - the lack of clarity surrounding the draft agreement between the Commission and the European Investment Fund and the attitude of the financial institutions towards their participation in the project; - scepticism about the financial self-sufficiency of the Fund; - the need to be more specific about the position of SMEs in the wording of the proposal. This question especially concerned those countries that did not have a very well developed cinema and television industry, this sector being based for the most part on

small and medium-sized companies. Other delegations were either opposed to or guarded about setting up a Guarantee Fund, mainly because: - they doubted the Fund's capacity to be self-financing; - they doubted the willingness of the sector concerned to provide the sums indicated by the Commission; - they did not consider that Community funding to the amount of ECU 90 million was justified; - they were of the view that the Fund would not be an adequate instrument for mobilising private capital; - they believed there was a risk that the aims of the proposed decision might not be achieved because the Fund could be forced to concentrate on big-budget productions; - they maintained that by virtue of the principle of subsidiarity any promotion of cinema and television production should primarily remain the responsibility of the Member States.

## Cinema and television: establishment of a European guarantee fund to promote production

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The Culture Committee has approved a draft report prepared by Mrs Armelle GUINEBERTIERE supporting a Commission proposal to establish a European Guarantee Fund designed to encourage the private sector to promote European audiovisual production and circulation. The Guarantee Fund would assist European production and distribution companies in financing such projects. The Committee adopted a number of amendments, among which it stressed the need to set up an ad hoc body to administer the Guarantee Fund, bringing together the European Investment Fund (EIF), the Commission, and representatives from banking and audiovisual circles. During the discussion, a representative of the European Commission confirmed that the EIF is prepared to offer joint guarantees of up to 50 per cent of what is needed for the operations of the Guarantee Fund. Investments can be requested from other financial institutions as well. An initial figure of some ECU 90 m spread over five years and to be matched by a similar amount from the private sector or other public bodies has been proposed. According to Mrs Guinebertière, the Fund should be established for an experimental period of five years in order to allow an assessment of its impact on the European audiovisual sector. Once the Fund's performance has been cleared, the European Union should proceed by preparing the legal basis for its future activities. ?

## Cinema and television: establishment of a European guarantee fund to promote production

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In adopting the report by Mrs Armelle GUINEBERTIERE (UPE, F), Parliament approved with amendments the proposal for a Council Decision establishing a European Guarantee Fund to promote cinema and television production. It desired that the Fund should guarantee not only the production but also the distribution and circulation of works, with particular emphasis on production in small language areas. It proposed a five-year test phase at the end of which a financial evaluation and impact assessment should permit the establishment of the Fund in its final form. Parliament called for the Fund to be entrusted to an ad hoc financial body within the European Investment Fund (EIF) bringing together the EIF, the Commission and representatives from banking and audiovisual circles. This body would assist in the preselection of projects. The EP also proposed that other institutions should be able to offer joint guarantees for projects of up to 50% of the total. The Fund should also be able to act as a reinsurer for other national guarantee or insurance funds which can guarantee one or more projects. ?

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The Council held an exchange of views on the draft compromise recently presented by the presidency. It was generally agreed that the presidency's compromise was a significant improvement on the initial proposal. The presidency noted that the Dutch Presidency would continue to examine this matter in close collaboration with the Commission.

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As announced in Official Journal C 5 of 9 January 2004, the Commission decided to withdraw this proposal, which had become obsolete.