

**Contribution to the TARGETED REVIEW OF THE GENERAL BLOCK EXEMPTION REGULATIONS**

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## **1. Introduction**

Cine-Regio AISBL - the association of regional film & audiovisual funds in Europe - and EFAD AISBL - the European association of national film and audiovisual agencies in Europe - would like to thank you for welcoming contributions from organisation and providing us with the opportunity to communicate our concerns and put forward possible solutions.

Together and on an individual basis our members based in 34 countries and 48 regions provide public funding for film & audiovisual works to the benefit of both film culture and European, national and regional development.

As film & audiovisual funds operating at the national and regional level, we make use of GBER Article 53 and 54 in particular, but also other articles when relevant.

It is our understanding that the European Commission with the revision of the State Aid Guidelines (Energy & Environment Guidelines; Regional Aid Guidelines; Research, Development and Innovation Framework and Risk Finance Guidelines), also is looking to possibly amend the GBER Article 9, lowering the threshold from EUR 500.000 to EUR 100.000. The proposed change will have a strong impact on the operations of granting authorities using GBER Articles, in particular Article 54, and does raise great concern amongst our members.

The public consultation documents seem not to provide any detailed motivation nor justification to lower the threshold from EUR 500.000 to EUR 100.000. This would have been helpful in our efforts to provide constructive feedback.

## **2. Article 9: Current threshold EUR 500.000 vs. amendment EUR 100.000**

We welcome transparency and today all individual aid awards granted by our members (ie granting authorities) to film & audiovisual works are published on their respective websites, often combined with press releases/ online news also stating the individual aid awards.

Our experience is that the introduction of the reporting obligation to TAM in 2014, with the threshold of EUR 500.000, has considerably increased the administrative burden for the film and audiovisual funds operating at national and regional levels, and providing public funding for film and audiovisual works. And these reporting obligations have been particularly strengthened in recent years. The interpretation of the amount of the GBER has also been subject to several changes by the European Commission, concerning cumulation rules or the act

triggering the obligation to encode the aid.

This burden and the associated penalty seem excessive compared to the added value of this obligation in terms of transparency. Market distortions are unlikely to occur at the low level of EUR 500.000, let alone at EUR 100.000. Moreover, these obligations are a disadvantage for European granting authorities in an international context, in the absence of an equivalent system in third countries.

Lowering the threshold would significantly increase the number of aid awards/projects which have to be reported. In our field (GBER Article 54), and in the cultural sector in general, the majority of aid awards range between EUR 100.000 and EUR 500.000.

Therefore, lowering the threshold from EUR 500.000 to EUR 100.000 would cause enormous additional bureaucratic efforts by each granting authority in our sector. This new administrative burden will be a genuine time-consuming task and will require extra staff (or external consultants) to be hired as the reporting system works today, in a context of extreme budgetary constraints, in particular due to the COVID crisis.

Moreover, this lowering is incompatible with the *de minimis* aid threshold. As a reminder, this type of public support is not subject to such transparency obligations given its small amount, which is not likely to affect competition. In addition to the confusion that this lowering would create, coordination between state aid and *de minimis* aid would be very delicate.

**We therefore urge the European Commission to keep the current EUR 500.000 threshold for GBER Article 54 Film and audiovisual works.**

Should it not be possible to keep the threshold at EUR 500.000 we urge the European Commission to set up a system with Member States whereby it is possible to enter data using a CSV file or Excel file in the existing databases. As it is today each aid award for a beneficiary is entered by the granting authority manually. A very time-consuming task.

Another solution would be for the European Commission to take into consideration that film & audiovisual works is per definition a cultural product and aid awards in GBER Article 54 is granted due to market failure, needed and justified; and hence, exempt the granting authorities using GBER Article 54 for reporting to TAM.

We would like to thank you for this opportunity to communicate our standpoints in writing. If we can be of any assistance in taking matters further, please do not hesitate in contacting us:

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*EFAD – (European Film Agency Directors association) is the voice of national European Film Agencies, bringing together the national film and audiovisual agencies across Europe. The 35 EFAD members are government or government-associated public bodies, in charge of national funding for the audiovisual sector and with the responsibility to advise or regulate on all aspects of audiovisual policies.*

*Cine-Regio gathers 48 regional film funds from 12 EU Member States, plus Norway, Switzerland and UK. The members support film culture, create social cohesion and foster regional business by collaborating across borders. For us local storytelling and decentralised decision-making are essential for a flourishing culture. At Cannes Film Festival 2021, 54% of the Main Competition line-up were backed by Cine-Regio members.*

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