

## GIVE LIVE PERFORMANCE A FUTURE

### Call for EU and Member States to provide targeted support through the EU recovery package

Brussels, XX October 2020

Ref: P7790

**DRAFT v2**

#### INTRODUCTION

Between end February and June, depending on the situation of lockdown in a country, live performance activities with an audience couldn't take place due to restrictions to master the Covid19 pandemic.

After the period of confinement, towards summer, the sector could restart activities under very restricted conditions. In practice, only a reduced number of people on stage were allowed and (sometimes very) limited number of audiences. In addition, in most countries it was not possible to offer refreshments in the concert hall or theatre and in general, (large) events with a standing audience continue to be forbidden, apart from the rare exception during summer.

Again the sector is hit heavily as Europe is going under a second wave of the pandemic with closed theatres in some countries or further reduced audiences allowed.

The economic impact of such government measures on the sector is very clear: reduced income in ticket sales, less performances, less (or no) income from bar sales, sponsorship contracts on hold, much less touring in Europe and nearly no touring outside Europe, reduced size of productions, (very) short-term planning, less freelance work needed, less extra services needed.

All those together form a real pressure on the preservation of cultural diversity which is rooted in the European Treaty.

In short, a sector on the verge to collapse without genuine support and for which a comprehensive recovery package is needed.

As **Commission President Ursula von der Leyen** said in the state of the Union address to the European Parliament last September:

*“This is definitely not the time to withdraw support. Our economies need continued policy support and a delicate balance will need to be struck between providing financial support and ensuring fiscal sustainability.”*

Therefore, the live performance sector needs in each Member State and across the EU, a recovery plan built on three main pillars:

**SURVIVE**

**INVEST**

**RESILIENCE**

Those should rely on the instruments provided in the EU recovery package and the MFF

## **Pillar 1 : SURVIVE**

In first instance, it is crucial to **keep the ecosystem alive**. This requires policy actions targeted to **all parts of the value chain**, so that - when activities can resume again in its full potential – baseline conditions allow all these parts to be back on track.

Policy actions and support should be focused both on the companies or organisations and those working in the sector. In terms of support the following actions will help to survive:

1. For **people working in the sector** it concerns support by way of employment/unemployment schemes. In collaboration with sectoral representatives, governments will most likely need to find flexible arrangements and solutions for people, who have uncommon work or career patterns, to access such schemes and other social benefits.
2. Those **organisations and businesses** that can only undertake activities in a partial way need support to match the difference of income with years of normal activity. This **compensation of loss of income** is needed to cover fixed costs, artistic costs, guarantee wages of employees and freelancers, and compensate for costs incurred by suppliers. Member States can develop **seat buying programmes** whereby the non-sold seats are bought by a dedicated scheme.
3. Coverage of income lost due to the **mobility** restrictions in place across Europe is important for all those that are taking a large part of their income from touring, or that regularly book foreign artists.
4. It is important that organisers can still programme internationally while relying on **emergency support** when they have to cancel programmes due to sudden imposed restrictions. This should include compensation of the investment already made by artists ahead of or during the tour.

Policy-wise, in the context of mobility, professionals in the sector, as they move as group without contact with third parties, must be able to benefit from an exemption to quarantine restrictions whether in the country of destination or upon return. The recently adopted “Council Recommendation on a coordinated approach to the restriction of free movement in response to the COVID-19 pandemic”<sup>1</sup> is a step in the good direction as it foresees an exemption for posted workers, but should also allow for self-employed people posting themselves to another EU country.

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<sup>1</sup> <https://data.consilium.europa.eu/doc/document/ST-11689-2020-REV-1/en/pdf>

In this regard it must also be underlined that a harmonised approach between member states, such as on the use of colour codes and communication on changes with regard to measures taken is absolutely essential for those who rely on this information for their work.

Concretely, for the sector to survive, we recommend Member States to make use of the following EU emergency schemes:

- Recovery and Resilience Facility
- SURE
- REACT-EU

We call upon the EU to secure in the MFF the possibility for the live performance sector to benefit from funding under:

- ESF+
- Neighbourhood, Development and International Cooperation Instrument
- European Globalisation Adjustment Fund

We also call Member States to make use of the **State Aid Temporary Framework**<sup>2</sup> which has been prolonged until 30 June 2021 to support the live performance sector.

## Pillar 2 : INVEST

*Now is the time for the EU and governments to act and give the sector a viable and resilient future, by making use of dedicated support, additional state aid and targeted measures.*

During period of confinement many organisations developed **digital activities** presenting archived material, small performances or other digital activities. The following needs for investment are identified in relation to digital:

1. In the digital environment, **streaming and recording of events are an investment** which requires professional video and sound crews, additional costs to websites and access to platforms and additional costs on copyrights and neighbouring rights. It also requires **new skills to include digital technologies** in the organisations' activities, develop new artistic practices and consider use of such technologies in greening the sector. As such it could create new employment or employment of people that originally were active in the media sector.
2. So far income for live performance organisations stemming from digital activities is inexistent or very limited (with a few rare exceptions of companies that were already digitally active before the pandemic), especially as organisations in the live sector do not hold rights such as record labels, publishers or film/tv producers. So **from an economic viewpoint** there is little incentive to invest in online events. Organisations that have become more active in the digital environment the past months, have done so to maintain relations with their audiences, build their communities and did so for social reasons in solidarity with the health sector and for the well-being of people.

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<sup>2</sup> Amendment of 13 October 2020 to State aid temporary framework  
[https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/covid\\_19.html](https://ec.europa.eu/competition/state_aid/what_is_new/covid_19.html)

Therefore, for the sector to embrace the opportunities from the digital environment **financial support for online live activities** are needed. Those can be seen as a genuine long-term investment for the organisation.

3. It is important that live performance organisations can run streamed or recorded event or archives on their own (streaming) platforms so that they can manage the data from which they can analyse audience interests and behaviour and therefore can improve their connection with the public. Other forms of digital activities, such as use of gaming features and participatory activities require access to government investment funds. To process and accompany this from use of free platforms to keeping the ownership **investment is needed in terms of software, data management, maintenance, etcetera**. This also requires **investment in skills** to help the sector integrate digital policies in their organisations and activities. The EU might also consider for **Europeana** to extend its archive to include intangible heritage such as on music, theatre and dance. It also means that live performance should be able to access the Media strand of **Creative Europe**.

Investment should also happen in **infrastructure and innovation**.

1. This includes for instance **ventilation** of the buildings and halls for the audiences, **digital infrastructure, adaptation to eco-friendly** performances and events. The Corona Crisis requires organisations to invest in buildings and temporary structures to meet requirements of ventilation. At the same time, in the context of the goals of the Commission on carbon neutral energy, investments are needed to adapt buildings to meet the requirements on nearly zero-energy buildings.
2. The sector also has to learn to embrace a **circular economy**, such as for costumes and props, stage sets, replacing plastic by cardboard cups, etcetera. This could include the establishment of chains of (work)shops where organisations can buy or hire material, campaigns to the public, development of plans on circular economy in all areas of production and venue areas.
3. In terms of **mobility**, whilst slow touring is the new buzz word, this should be in combination with more opportunities for performances on the road, instead of one-off performances in just one festival or metropole. This requires a move towards a change in the current distribution patterns towards a spreading different performances at half-day travel distances and therefore more cooperation and collaboration between promoters, organisers, festivals to meet with green mobility objectives.
4. Investment means also **access to expert advice and support**, as well as training of new **skills** for in-house teams to develop eco-friendly policy in their organisation. It may also require employing in-house new people with specialised skills.

Concretely, we recommend Member States to invest in the sector, by making use of the following EU emergency schemes:

- Recovery and Resilience Facility
- REACT-EU
- INVEST EU

We call upon the EU to secure in the MFF the possibility for the live performance sector to benefit from funding under:

- HORIZON EUROPE and HORIZON 2020 European Green Deal call
- Creative Europe – including the media strand

### Pillar 3 : RESILIENCE

In its resolution on the cultural recovery in Europe voted in September the European Parliament “*Calls on the Commission and the Member States to earmark for the cultural and creative sectors and industries, according to their specific needs, at least 2 % of the Recovery and Resilience Facility dedicated to the recovery*”

**Targeted support** is needed to create again a dynamic environment and ensure resilience for the sector. This encompasses the following:

1. EU member states can do so by providing extra support for cross-border cooperation or cross-border co-production, by commissioning new work and creations, by supporting campaigns which invite audiences back in the venue under safe conditions.
2. As **cities and regions** have an important place when it comes to support for culture, it is necessary to channel resources to territories and regions<sup>3</sup>, so that they can continue to do so, not in the least because culture is the asset by which tourists are attracted to travel to cities, towns and regions.
3. Targeted and additional support should also be backed up by the **European state aid rules**, allowing member states to create **additional funds for culture**. A prolongation of the State Aid Temporary Framework<sup>4</sup> scheme until June 2021 to support companies and sectors hardest hit in the crisis, as agreed on October 13<sup>th</sup> is therefore welcome.

By a change of the law, the sector would benefit of adapted rules and support. Concretely it concerns the following areas:

1. Resilience for the sector also requires **tax reductions or tax waiver mechanisms until at least 2023**, including **reduced VAT rates** and fiscal tax reductions.
2. As international mobility has been hit hard and seriously reduced, now is the time for finance ministries to apply the abstention of the right on withholding tax (artiste taxation) or provide for minimum threshold of 15.000€ in case of cross-border performances in the meaning of **art 17 of the OECD Model tax convention**. There is a shared recognition that the sector has been hit hard and abolishing this tax levy on performances abroad will finally make an end to the discriminatory treatment of the live performance sector, whilst helping to re-boost touring and mobility of artists.

Referring to our position paper<sup>5</sup> of 19 March, the sector needs a mix of initiatives depending on the country and the situation for the sector in the respective country, including:

- Reduction on business tax for private entities
- Exemption on VAT or reduction of VAT rates on tickets and/or on cultural services
- Non-accrual of interest in case of late payments, especially as regards general services such as electricity, gas, water and a reduction on the energy bills
- Concession of credit lines/grants of credits which take into account the sectoral needs

<sup>3</sup> [https://publications.jrc.ec.europa.eu/repository/bitstream/JRC120876/kjna30249enn\\_1.pdf](https://publications.jrc.ec.europa.eu/repository/bitstream/JRC120876/kjna30249enn_1.pdf)

<sup>4</sup> [https://ec.europa.eu/commission/presscorner/detail/en/statement\\_20\\_1805](https://ec.europa.eu/commission/presscorner/detail/en/statement_20_1805)

<sup>5</sup> <https://www.pearle.eu/positionpaper/statement-of-the-live-performance-on-covid-19>

Concretely, we recommend Member States to provide for resilience in the sector, by making use of the following EU emergency schemes:

- Recovery and Resilience Facility
- REACT-EU

We call upon the EU to secure in the MFF the possibility for the live performance sector to benefit from funding under:

- Cohesion Funds, such as Interreg
- Neighbourhood, Development and International Cooperation Instrument

We also call Member States

- to make use of the **State Aid Temporary Framework**<sup>6</sup> which has been prolonged until 30 June 2021 to support the live performance sector.
- to abolish application of Article 17 in double tax treaties (or apply a minimum threshold)
- where general VAT rates to reduce those whether for admission to performances or for cultural services alike

## CONCLUSION

We underline that additional **support for the sector will be needed for at least the next three years**, taking into consideration the time that it will take for society and economy to be back on track.

The live performance sector, being among the hardest hit sectors of economy, needs urgent support with the aim to **give oxygen** to the thousands of SMEs, internationally re-known organisations and the more than 1.2 million workers directly involved in the sector.

It should also not be forgotten that a diverse cultural offer, including live performances has a **spill-over effect to other parts of the economy**, such as the horeca and tourism sector.

Governments have a responsibility to take action for a **whole ecosystem** to sustain and therefore a **mix of instruments** should be used to create a leveraging effect in order to keep organisations viable and retain employment and skills in the sector.

The live performance sector relies on the people working in the numerous different functions on- and off-stage and in related activities. There is a wealth of **knowhow, skills and expertise** that threatens to be lost as people move away to other sectors. However, employment will only come back when the organisations can rely on audiences returning to live events and on general demand in the whole ecosystem. As this will take a mid-long transition period, EU Member States must provide for the support to accompany such process. Only when demand and offer and international travelling are stabilised one will be able to speak again of a dynamic, thriving and healthy sector.

There is a willingness and great interest to contribute to transitioning to a **Green recovery** and further explore the opportunities in the **digital environment**. Those need structural and targeted support taking into consideration the specific characteristics of the sector.

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<sup>6</sup> Amendment of 13 October 2020 to State aid temporary framework  
[https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/covid\\_19.html](https://ec.europa.eu/competition/state_aid/what_is_new/covid_19.html)

## ANNEX : SOME FACTS AND FIGURES

- According to the OECD the COVID-19 pandemic has triggered the most severe global economic recession in nearly a century. Last year, the OECD projected GDP growth in 2020 and beyond, but today, the picture is starkly different. The path to economic recovery is highly uncertain and is vulnerable to another wave of infections. Two scenarios are likely: in one, a second wave of Covid-19 hits, with renewed lock-downs, and world GDP plummets 7.6 % in 2020; in the other, a second wave is avoided and global GDP falls 6% this year. In both scenarios, the recovery will be slow and the crisis will leave long-lasting scars. Find the graph illustrating this via the link in the footnote<sup>7</sup> below.

The OECD calculated that the impact on jobs has been ten times bigger than during the 2008 global financial crisis<sup>8</sup>.

The OECD observes that on average across European OECD countries, the sectors thought most likely to be directly affected by COVID-19 containment measures account for around 40% of total employment. These sectors employ a large proportion of part-time workers, the self-employed and workers hired on fixed-term contracts. The proportion of these non-standard workers is generally highest in arts and entertainment activities, hotels and restaurants.<sup>9</sup>

- According to Eurostat, in Europe the percentage of self-employed in cultural employment is at least double that observed in total employment, and in some countries the self-employed account for almost half of all cultural employment (e.g. 48% in the Netherlands and 46% in Italy in 2018)<sup>10</sup>.
- According to the OECD report of September 2020 entitled 'Culture shock' in Germany the overall CCS unemployment rate of 6.2% in June 2020 is higher than the unemployment rate in the economy as a whole (5.2%), and has been rising continuously, from 63 696 in March to 85 661 unemployed in June 2020. There are notable variations across CCS sub-sectors. While software developers are unemployed at a rate of 3.2%, the unemployment rates for product and visual designers are higher (9.20% and 10.6% respectively), and even more so for performing arts (13.10%), stressing the atypical conditions of cultural employment in these sectors.
- The SERV<sup>11</sup> (social-economic council of the region of Flanders-BE) provides figures on the height of unemployment in the sector in the months of full lockdown (mid-March until end April) with 80% and 76% of people being temporary unemployed. An average of 80% unemployment continued in the following months of May and June as the sector was among the last ones allowed to restart activities. As a result there are 55% less vacancies open in the sector during that period.

The study of the SERV also demonstrates the relevance of the sector in terms of multiplier effect on production (i.e. generating production in other sectors such as suppliers) : for the cultural sector it means that 1mln € demand to products in the cultural sector increases demand for production in other sector up to 1,84€ million.

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<sup>7</sup> Source <https://www.oecd.org/coronavirus/en/data-insights/a-collapse-in-gdp-and-an-uncertain-recovery>

<sup>8</sup> Source <https://www.oecd.org/coronavirus/en/data-insights/collapse-in-the-number-of-hours-people-work>

<sup>9</sup> Source <https://www.oecd.org/coronavirus/en/data-insights/impact-of-the-covid-19-crisis-on-non-standard-workers-in-european-oecd-countries>

<sup>10</sup> Source [https://ec.europa.eu/eurostat/statistics-explained/index.php/Culture\\_statistics\\_-\\_cultural\\_employment#Self-employment](https://ec.europa.eu/eurostat/statistics-explained/index.php/Culture_statistics_-_cultural_employment#Self-employment)

<sup>11</sup> Study of SERV on impact of Corona on socio-economic base – 22 June 2020

[https://www.serv.be/sites/default/files/documenten/SERV\\_20200622\\_coronarapport\\_RAP.pdf](https://www.serv.be/sites/default/files/documenten/SERV_20200622_coronarapport_RAP.pdf)

**FURTHER FACTS AND FIGURES TO BE ADDED FROM OTHER COUNTRIES –**

**Q to members : DO YOU HAVE ANY RELEVANT DATA YOU CAN SHARE?  
IMPACT EMPLOYMENT, FINANCIAL LOSSES, CLOSURE/BANKRUPTCIES ????  
IMPORTANCE OF THE SECTOR?**

The live performance sector, including all music forms and performing arts, is the largest employer among the cultural sectors with over 1,2 mln workers in the EU. It represents at least 50 bln € turnover of GDP.

There is a broad economy and ecosystem behind a live performance. A live performance involves not only the artists and production itself, but also companies and suppliers providing services such as sound, light, stage, costumes and props, catering, physiotherapy, counselling, travelling and touring, record labels, accommodation, hotel, bars, restaurants, security, ticketing, building maintenance. Further also manufacturing industries as makers of instruments, wireless radio equipment, lighting, architects, building and construction, design, furniture makers, screens, printing & graphic, and many more. Finally but not least the media and digital industry, including video crews, montage and studios, web platforms and broadcasting, AI, block chain, social media, web design, data companies, etcetera. All those companies pay taxes, contributions and levies, provide jobs and create added value.

Live events are oxygen for society: from rural areas to towns and cities, from newly born babies to highly aged people, live events create social cohesion, increase well-being and give meaning and sense to people's lives.

PEARLE\* - Live Performance Europe, is the European sector and employers' federation of performing arts organizations. Pearle\* represents through its members associations the interests of more than 10,000 theatres, theatre production companies, bands and music ensembles, orchestras, opera houses, ballet, dance companies, festivals, concert venues, producers, promoters, agents, comedy, variété, circus, storytelling and others within the performing arts and music sector across Europe. [Members](#) are national federations, European networks in the live performance, non-European federations and individual enterprises.