



The impact of the financial crisis in the live performance sector Joint statement by the European sectoral social partners ahead of the Employment Summit 7 May 2009

Brussels, 6 May 2009

Introduction

1. Pearle*, the Performing Arts Employers Association League Europe and the EAEA, the European Arts and Entertainment alliance, representing FIM, FIA and Euro-Mei, hereby express their deep concern regarding the current financial and economic situation and its impact on the live performance sector.
2. Members and affiliates of the European social partners strongly urge a genuine commitment from the European Union and the Member States to provide a stable and sustainable environment for the live performance sector, particularly in the coming years, as the full impact of the crisis is expected to become apparent and its effect to be felt from mid 2009 onwards.

The first signs of the impact of the crisis are being felt across Europe

3. Whilst overseas in the USA the consequences of the financial crisis are already severe and have led to closures, serious cuts in operational budgets and reduction of private sponsorship from companies, foundations, trusts and private donors; in Europe, the impact of the crisis on the live performance sector is only now starting to have a serious impact on business operations and employment. Recent months have reflected an unmistakable downturn: tours being cancelled or postponed, smaller or less expensive productions programmed for the next season, cheaper tickets selling more quickly than higher priced ones, and reluctance on the part of sponsors to renew or sign contracts. All of this has its repercussions and forms a serious threat for the people working in the sector, which is characterized by its highly labour-intensive market.
4. The crisis has another hard-hitting impact: Member States are considering reducing public financing for culture in favour of other industries and economic areas that are suffering from the economic crisis. In some cases quite severe cuts have already been introduced or programmed in the cultural sector, leaving cultural institutions confronted with a devastated budget. In the view of the social partners, this is a short-sighted measure and a counterproductive policy. Cuts in public financing of the performing arts will have terrible consequences for the sector: theatres could close, jobs will be lost, the scale and quality of production in Europe will be affected. This in turn threatens Europe's position as a cultural leader and champion, as well as its commitment to policy goals such as cultural diversity and intercultural dialogue.

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5. We call upon the Member States to guarantee sustainability for the sector and ensure dependable public financing. In the coming years, as the economic crisis impacts on consumer behaviour and growth, the live performance sector needs to be able to rely on public support, to safeguard employment and a diversified cultural output.

An essential sector for economic and social development and a vector for creativity and innovation

6. Culture is a key factor in society, and the performing arts, which lie at the heart of the cultural sector, should not be ignored by Member States. The 2006 KEA study on "The Economy of Culture in Europe" has already shown how the Culture & Creative industry sector contributed to 2.6% of the European Union GPD in 2003 and a report from UNCTAD calculated that the creative industries account for 3.4% per cent of the total world trade, with an average annual growth rate of 8.7% during 2000-2005.
7. As highlighted in this European Year on Creativity and Innovation, there is an important role for culture and creative industries in a country's economic and social development. Culture fosters creativity, innovation and cohesion. The cultural sector participates in local development and helps regions attract investments, creative talent and tourism. A wide range of businesses earn income from the activities of the performing arts sector: tourism, hotels, restaurants, bars, shops, housing, record companies, publishers, design and crafts, equipment (electrical, light, stages, ...), architecture, etc.
8. Thousands of SMEs operate in the live performance sector (from very small micro-enterprises to larger companies such as opera houses, employing a 1000 persons). Due to its dynamism and its particularity, the sector's growth in terms of jobs out-performs the rest of the economy.
9. Equally, the initial indications coming from the social partner organisations show that some countries are actually experiencing an increasing demand in the entertainment and live performance sector, something that seems to be related to the crisis and a renewed wish for cultural diversion in a time of general economic gloom. This is a phenomenon that has been seen in the past and points to a possible capacity on the part of the sector to weather the crisis well, albeit with good planning and support.
10. Social partners call upon the EU and the Member States to further invest in the sector, as a vital engine for both employment and economic growth generally.

Need to restore confidence in the sector

11. The social partners recognize that the financial crisis has given rise to an entrepreneurship slow-down in the live performance sector. Whereas mobility, with its model of touring and with a workforce keen on exploring new horizons beyond its own borders, is a vector for creativity and cultural diversity (two notions that are highly valued in the EU), the economic outlook is putting a regrettable brake on the growth of mobility.

12. Sustainability and stable public support are crucial to promote mobility, and maintain decent employment. The European Economic Recovery Plan endorsed in December 2008 by the European Council provides for a support of over €400 billion allowing for new investments and job creation. The cultural sector, and live performance in particular, must be able to benefit from this plan, together with other industrial sectors.
13. Further legislative proposals on the financial sector, must ensure that live performance organizations can easily obtain loans and credits to ensure the continuity of their businesses, but also to guarantee the sustainability of pension funds created by social partners in different Member States.
14. Social dialogue is a vital tool in a time of crisis to find mutually acceptable solutions in a difficult context. The financial crisis must not have an impact on social dialogue and social partners must endeavour to reconcile recovery and growth with decent employment opportunities.
15. We therefore call upon the Member States and the EU, in follow-up of the Council's conclusions of 20 March 2009, to take actions to implement the European Economic Recovery Plan, including in the Live Performance sector, to restore and safeguard growth and quality employment.

Policy orientations to be taken in the framework of the Employment Summit

16. As was expressed at the social summit on 19 March and endorsed by the European Council in its Conclusions¹, (par 19) : "It is important to prevent and limit job losses and negative social impacts. Stimulating employment, in particular by promoting the acquisition of the new skills required by new jobs, is also a priority. Building on solidarity and allowing social protection systems to fully play their role as automatic stabilisers are key to restoring and strengthening confidence and help pave the way for recovery. Mobility has also proven to significantly contribute to economic growth. Particular attention should be given to the most vulnerable and to new risks of exclusion."

This crisis will require strong political decisions and new rules for our market-driven economies, banning reckless speculation and promoting ethical principles in our societies. Among these is the need to preserve quality and fair employment opportunities for all workers in all sectors.

17. To bridge the coming years during which the live performance sector is expecting to be faced with the full impact of the economic crisis, the following policy orientations need to be taken at a European level:
 - Access to financing: the sector must have access to all relevant financial support set up to tackle the economic crisis, whether deriving from the EU or the Member States. Secondly Member States should guarantee sustainable support for culture and not take the crisis as an argument to reduce funding.
 - Stable financial markets are necessary to allow for performing arts organizations to obtain credits from banks when necessary and to restore confidence in the economy allowing for companies and trusts to invest in the sector.

¹ Presidency Conclusions of the Brussels European Council (19/20 March 2009).

<http://register.consilium.europa.eu/pdf/en/09/st07/st07880.en09.pdf>

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- Mobility: In addition there is an urgent need to pay attention to the particular status of cultural workers, by ensuring access to social security and pension schemes in the framework of mobility, especially in the case of short-term employment abroad, in other EU Member States.
- Third-country nationals: in conjunction with the Justice Council smoother regulations on visas and work permits, especially for short-term employment (such as touring live events), it is an essential condition for the sector to fully exploit its economic potential and dynamism. In this area, the European sectoral social partners have been addressing the particular problem for European performers to obtain visas and work permits when travelling to the US.
- Employment:
 - o the live performance sector is a labour-intensive sector. Its professionals are at the core of what the sector produces, i.e. a performance and show on a stage. The EU needs to promote, in its different programmes, sustainable and quality employment. It also needs to promote live performance organizations so that they can continue to offer rewarding and fair employment opportunities.
 - o the live performance sector should have access to transitional measures provided by the EU and its Member States, in particular for those parts of the sector which suffer from the economic crisis, in order to keep their people employed.
 - o The EU and its Member States must develop appropriate strategies to help workers to further develop and diversify their skills, thus increasing their employability and set up efficient employment transition programmes. In addition, they should support training programmes for cultural workers enabling them to enter the profession with a better understanding of the challenges involved and the knowledge to overcome them.
- Social partners: we call upon the EU to strengthen the role and the capacities of sectoral social partners in the different Member States, as they can address the specific problems in their countries and make concrete policy proposals. In relation to the live performance sector, it is key to involve the Ministries of culture in this process, given that public spending is a vital financial resource for the performing arts

Conclusion

18. The European sectoral social partners 'live performance' call upon the EU and the Member States
- to provide for a genuine and sustainable environment for the sector,
 - to safeguard and encourage sectoral social dialogue in the different Member States,
 - to guarantee public support to boost further growth and employment,
 - to cut red tape and reduce administrative burdens that are a barrier to mobility
 - to promote a socially coherent mobility, taking into consideration the particular characteristics of the performing arts sector,
 - to take quality employment as a cornerstone in structural reforms,
 - to include the sector in economic recovery plans designed to stimulate investment and create jobs in this time of financial crisis.