European Commission: Hessen's Film Subsidies Approved

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On 7 June 2006 the European Commission approved the EUR 20 million film subsidies programme of the Hessian government - the biggest in the Land's history. Until 2009, using the Film Financing Fund Hessen-Invest - a citizens' programme of the Land Hessen - EUR 5 million of soft loans will be allocated on an annual basis for financing film productions.

The main focus is to be on small and medium sized companies in the film industry. In this way the Land of Hessen wishes to invest in projects which are likely to be an economic success. Decisions on financing are taken with due regard to risk estimates and potential profitability of the film projects as well as the soundness of the applicants. Appropriate analysis is carried out by the Hessen Investment Bank (IBH). Interest rate payments of 2% are payable on the loans. The Fund which has a four year life-span will come under the aegis of the IBH, which as the institute of the Land responsible for managing subsidies, is refinancing the EUR 20 million through the capital markets.

According to a statement of the Minister for Arts and Science, the objective of such subsidies is to generate profits in order to enable the cultural good of German and European films to compete at an international level as well as boost the standing of Hessen as a film production and media location. Moreover, in this manner the quality of film and television production is to be raised so as to guarantee a diverse cultural landscape.

The allocation of state aid has to be approved by the European Commission. This includes loans from state financial institutes, if similarly to the IBH they offer interest below market rates. Since the subsidies are flowing into the cultural sector and since firms outside Hessen may be considered for funding, the European Commission has given it the green light. The Film fund may finance up to a maximum of half the cost of the project, the subsidised share of which is to be fully spent in Hessen. The EU Commissioner Neelie Kroes said: "This example shows how seriously the European Commission takes the promotion of the regional film industry."

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