

COMMISSION OF THE EUROPEAN COMMUNITIES

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ACTION PROGRAMME FOR THE EUROPEAN AUDIOVISUAL

MEDIA PRODUCTS INDUSTRY

(Communication by the Commission to the Council)

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Action Programme for the European audiovisual media products industry

A. Introduction

1. On 20 December 1985 the Council discussed the Commission's proposal for providing Community support to film and television drama and fiction serial coproductions.*

The Commission's proposal had been endorsed by Parliament and the Economic and Social Committee.

The discussion in the Council revealed a broad consensus on the aims, but a wider approach was needed in order to determine the best means for achieving them: the Commission's action could not be confined to granting Community subsidies to production.

At the close of the discussion, the Commission was asked:

"to see how the various views expressed on the proposal during the discussion could be taken into account";

"to continue its studies concerning the European audiovisual programme industry, taking account of the obstacles to the completion of the internal market in this industry and the need to encourage joint ventures by the industry and the movement of products across frontiers and language barriers. The Commission's proposals on the subject would have to take account of the specific nature of the cultural sector."

*1057th meeting of the Council and of the Ministers responsible for cultural affairs meeting within the Council.

The Commission has already proposed doing away with technical obstacles (MAC/packet Directive)* and legal obstacles (Directive on TV without frontiers)**. The broadcasting Directive also aims to promote the creation of European products of high quality fit to compete on the world market.

The Community must also exploit emerging new techniques which generate new methods of creation and dissemination, and must encourage joint operations in this direction by professionals.

The attached programme seeks to meet the concerns of the professionals, and it fits in with the work of the Council of Europe and with the recommendations of the Council for Cultural Cooperation.

2. At its 819th meeting (Minutes 819 of 19 March 1986) the Commission noted with interest the initiatives proposed for preparing a programme of action to promote the European film and television production industry and asked for practical proposals for consulting the interests concerned in the programme.
3. This communication contains points for discussion and budget estimates for preparing and implementing the programme.

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* COM(86)1, 22.1.1986.

** Directive on the coordination of certain national provisions concerning the pursuit of broadcasting activities.

B. The economic and cultural context: situation of the film and TV production industry

- I. The film and television industries are now regarded as a strategic sector in the services economy of the European Community.* They will be expanding steadily at about 5% per year up to 1990. By then cable will have doubled its penetration and will reach 20% of potential audiences in Europe, and various satellite systems will offer 90 additional television channels by the end of 1988.

The driving force behind this development is an industrial policy aimed at establishing huge markets for communications technical infrastructures. Over the next few years investments of over 10 000 million ECU will be made in the Federal Republic of Germany to link up the entire country to cable; France is to devote about 10 000 million ECU to the "cable plan"; and the United Kingdom authorities estimate the technical cost of networks in the major centres at nearly 4 000 million ECU.

To this should be added investments for satellites, averaging 100 million ECU for direct television satellites and 50 million ECU for relay satellites. These costs will be quadrupled for lasers and ground operating equipment.

In this economic context, the opening of the market for audiovisual products to the scale of the whole of Europe is a positive reality which the Community must encourage and ensure its balanced development.

* Parliament resolution of 10.10.1985.

The Commission has already taken initiatives on two fronts:

- to ensure the uniformity of technical standards for broadcasting, the Commission presented to the Council the directive on the MAC/packet family;
- to ensure the free movement of cross frontier broadcasts and the establishment of the common market in television the Commission proposed to the Council the directive on television without frontiers.

In Chapter II that directive provides for the establishment of a system to ensure that sufficient space is given to European productions in television programmes and to stimulate the creative side.

- As infrastructures expand, so must programming: the economic and cultural dimensions of communications cannot be separated.* The gap between the proliferation of equipment and media and the stagnation of creative content production capacities is a major problem for the societies of Europe; it lays them open to domination by other powers with a better performance in the programming content industry.

Parliament has acknowledged as much: it has repeatedly insisted on the need to promote the technological industry and the programme industry in parallel, and for the latter it has asked the Commission to propose practical measures (see in particular Parliament's resolutions of 30 March 1984 and 10 October 1985).**

II. Technical developments pose two challenges at the creative level:

- (a) The European visual media industries must develop their own original output in the face of external competition.

The industry is in a state of crisis, especially in non-documentary entertainment, i.e. feature films and television series. Yet this area is crucial. Soap operas, series and films that tell a story are what the public wants to see; they are the mass consumer products for the media old and new and will be the battleground in the years to come.

* Directive on TV without frontiers.

** Parliament also called for a quota system, which is incorporated in the broadcasting directive.

The difficulties of the film industry are notorious. A few figures:

Over the last ten years cinema audiences have shrunk by 25% in Germany, 75% in Italy and 70% in the United Kingdom.

Nationally produced or European films hold only a limited share of total distribution; but films from outside the Community, especially the US account for 35% to 65%, depending on the country.

In television things are not much better. Television programme production in France has dropped by 30% over the last five years while broadcast time given to foreign television films and series has increased by 75%.*

Note that in France for example to produce a one-hour original show costs 400 000 ECU on average, while to buy one episode of "Dallas" (50 minutes) costs only 30 000 ECU.

There is no shortage of figures to demonstrate the unhealthy state of the sector: in the United Kingdom over 30% of production companies are in the red; in France only four major distribution companies have survived, and so on.

There are many reasons: production costs are soaring (the average cost of making a feature film in the Community has jumped from 700 000 ECU to over 1 000 000 ECU in two years); the European markets are too small and over-partitioned; it is difficult to obtain access to the most important foreign market, the American market, on which European imports account for only 1% of film showings and television programming!**

* Jean-Denis Bredin - Les nouvelles télévisions hertziennes, Rapport au Premier Ministre - Paris 1985.

** International Flow of Television Programs, UNESCO 1985 (1983 survey).

(b) The European industry must sell its wares on a Community-wide market.

The survival and strength of original European creative output will most certainly depend on the opening up of one large Community market, so that films and TV shows can be screened in all the member countries.

The scale of the great market will offer several advantages:

- (i) It will encourage the expression of national cultures as elements of European culture;
- (ii) It will improve the returns on national productions, especially those from smaller countries;
- (iii) It would facilitate large-scale coproductions involving several countries, with sharing of risks and a wider spread of payback.

But the barriers preventing the smooth opening-up of the Community film and television market are manifold: language barriers, structural differences in distribution systems, differences between tax systems. These obstacles must be got round if the European programme production industry is to flourish.

C. Proposal for an action programme

III. The Commission must therefore add further measures to its plans as set out in the proposal for a directive on broadcasting which seeks to establish the great market and to promote both the production and the distribution of programmes.

The Commission's initiatives must form part of a programme based on precise projects:

- (i) They will be practical experimental projects in the field. The results will be available to all those concerned and will be widely disseminated;
- (ii) They will be planned after the professionals have been consulted - producers, distributors, programme-makers, radio and television authorities, specialized institutions, departments responsible. The consultations will be in the form of round tables discussions.
- (iii) In some cases, especially fields affecting technological and industrial aspects, consultation will take place with existing consultative bodies. The consultations with the professionals concerned should identify possible areas of action in which harnessing the Community dimension and framework would offer the greatest opportunity and added value compared with efforts in a national framework.
- (iv) The projects will be run on the basis of contracts drawn up with precise terms and specifications.
- (v) They will be financed in conjunction with interested partners. The Commission will provide the additional support necessary for starting and carrying on the projects; its function will therefore be one of providing incentives and filling gaps.

IV. The policy will therefore target the two main aspects of films and television - production and distribution.

A third element must necessarily be added: funding. New credit structures will be sought at Community and national level.

In many contacts, professionals have already confirmed the need for a series of initiatives in these fields so that action can be taken in particularly sensitive areas. The projects as sketched below are simply working hypotheses: the definitive list will be drawn up after the round-table consultations.

(a) DISTRIBUTION

Many professionals call for priority to be given to distribution. Improved distribution systems and conditions will enable existing and future national creative output to reach its potential markets:

- not only on a European scale,
- but also outside the Community; competing successfully on the international market will of course depend on the internal market becoming a reality.

Two major objectives:

- to develop multilingualism in programmes and films in order to overcome the language barriers which are universally acknowledged to be serious practical impediments to the free movement of creative works;
- to improve distribution systems in order to ensure that European productions can obtain a larger share of film and television showings and in the new media.

* See also the Directive on broadcasting.

1. Developing multilingual programmes and films

Films and television shows must be available in several languages if they are to penetrate the wide European market.

Dubbing or even subtitling, especially of films and programmes from countries whose languages are not widely known will open up markets which are largely closed at present: Danish, Greek and Dutch films are seldom shown outside their home countries. This will be an advantage not only on the earth distribution circuits (TV and cinema) but also on future direct broadcasting satellites, which will carry several sound channels for each television transmission.

- We therefore need studies and projects on the technical and economic rationalization of dubbing and subtitling systems.

A first project has already been started in conjunction with EUROPA-TV. Other projects are planned, within the European Broadcasting Union, and deserve support.

- On a more experimental basis it would be useful to launch research on computerized translation and synchronization processes and on possibilities of adapting them to films and television programmes.
- Means must be sought of promoting and facilitating the dubbing of national productions.

The development of multilingualism in media products will benefit from various work carried out at Community level in the field of linguistic techniques (SYSTRAN, EUROTRA, ESPRIT, etc...).

Scattered efforts in the Member States should be coordinated and no doubt strengthened by the establishment of appropriate forms of cooperation in order to ensure that the studies and projects planned are fully effective.

2. Improving distribution systems

Existing networks must be made more flexible and additional circuits must be opened up.

Existing network structures are heavily dominated by American interests both in the film sector and consequently in the video cassette sector.

How is this presence to be withstood? How is the market to be opened up to film productions of European or even trans-European origin?

How are commercial and artistic promotion methods to be made more effective? American film producers devote up to 30% of their budgets to marketing.

New distribution networks are now opening up for non-documentary entertainment, especially films. A film is no longer exclusively shown in cinemas and on TV but goes through an ever-ramifying release sequence - video, pay-TV, cable, etc. The decline in cinema audiences is thus being offset by revenue from the new media. This is already happening in the United States, where cinema box office receipts account for only 45% of gross film earnings.

This multimedia exploitation enables the film industry to diversify its sources of funding and profits, making for a strong economic underpinning. For the same thing to happen without impediments on the large European market, European film, programme and video makers should be able to arrive at a code of conduct with channel directors and producers and with industrial interests in the sectors. Should the parties fail to reach agreement we should consider whether to harmonize the rules now being introduced in some countries on the timing of film releases through different media and fees and royalties.

Another field demanding examination is to what extent tax provisions hamper exchanges of technical services and buttress the falling off of the market, and consider whether measures could usefully be introduced in this field to open up the market.

* Growth of Video Software Industry, The Yankee Group - New York 1984.

(b) PRODUCTION

1. Distribution is of fundamental importance but the software distributed must also be actually "received" by various audiences. Socio-cultural differences will often cause audience resistance and rejection.
2. In addition to national productions released for Europe-wide distribution, more coproductions would be a positive development, making for economic dimensions more suitable for the scale of the large market and encouraging makers and technical staff to work together. New forms of coproductions must be tried especially with the prospect of transnational broadcasting by satellite.
3. It stems from this that new and more rational production methods must be developed to meet increased demand under the best conditions.

The riches of the past must also be exploited - film and television archives. At the same time the new techniques must be explored in preparation for tomorrow's media software.

To sum up, the major objectives will be:

- to produce "European";
- to produce more and under better conditions;
- to exploit the film and television heritage;
- to develop new forms of creation.

1. Produce "European"

The aim is to encourage collaboration between countries and generate entirely new approaches and new styles of screen writing.

Priority will be focused on programmes for Europe-wide broadcasting by satellite. Several projects are under way or being prepared, but some are financially shaky, given the estimates made in various countries which put the cost of launching a high-quality channel at around 150 million ECU.

2. Produce more and under better conditions

A shot in the arm for media software will work only if methods of creation and production are rationalized.

Reorganizing part of the productive apparatus will provide an additional lever for the development of national industries. The aim will be to cut certain costs and apply the savings released to increasing creative output within tight budgets.

- (i) In television, for example, research and trials for improving organization methods will test new electronic equipment for making non-documentary productions (following the example of certain experiments already carried out in France and Germany).
- (ii) In films, research will be geared to initiatives to develop low-budget films released by a forum of European film-makers.
- (iii) In general, production workshops should be set up and projects run to develop new styles of writing for the screen (screen-writing competitions).

3. Exploit the film and television heritage

There is a wealth of resources gathering dust in the television and film archives which is stock of considerable value, both artistic and economic. (Archive films fetch high prices on the international markets.)

The riches of this "collective memory" should be mined more systematically:

- efficient computerized management programmes;
- transnational exchange circuits, which will mean setting up and using suitable databanks;
- coproductions using archive material.

4. Develop new forms of creation

Exploration of the past should go hand-in-hand with preparation for the future. Creative personnel, producers and programme-makers should be encouraged to master avant-garde techniques (numeric techniques, HDTV, etc.). These techniques will be a feature of tomorrow's television, but they present problems to the industry in Europe today.

As a priority, a plan of action must be developed on a European scale to promote "new images" (produced or processed by computer) along two lines:

- more centres of production and creation in Europe in the face of American domination (the United States represents 80% of this great new market);
- transnational pooling of energies and resources to offset the high cost of research and experiment.

Work under the ESPRIT and RACE programmes will supply the generic technologies needed for producing, disseminating and receiving such new images.

The plan should be based on the principle of close collaboration between engineering and creative personnel, the first condition for quality production.

C. FINANCING

- The financing of media software is becoming more and more difficult and complex as costs rise and payback times lengthen (multimedia release).

Filming in particular is thought to be a high-risk sector, having all the uncertainties inherent in "prototype" industries.

- There will obviously be a case at Community level for looking into new structures of financing:
 - The Commission is already actively seeking and organizing transfrontier risk capital for innovative industrial projects. Such funds, made available by a pool of banks in liaison with the Commission and limited so far to technology, could be extended to the cultural industries.
 - The same question should be asked in each country as banks start to take an interest in the media software sector (especially in France and Germany). Credit structures should be analysed in order to promote access possibilities.
 - The question of harmonizing the financial and tax incentives (support fund, tax relief, etc.) available in some countries should also be examined.

Preparation of the programme, 1987

1. Round-table conferences with professionals would cover each of the broad areas in the programme:

- Distribution: 1. Multilingual media software
- 2. Distribution structures
- 3. Tax harmonization
- Production: 4. Harmonization of European projects
- 5. Methods of production
- 6. Exploitation of archives
- 7. New techniques
- Financing: 8. Credit structures at Community and national level

Consultation on the technological and industrial aspects of some programme themes will be carried out with existing bodies.

On the basis of these consultations and with the help of outside experts a programme of specific measures will be prepared in 1987 for transmission to the Council with a budget estimate.