



The EU and European cinema in the digital era

Digitraining Plus 2011, Helsinki &
Tallin

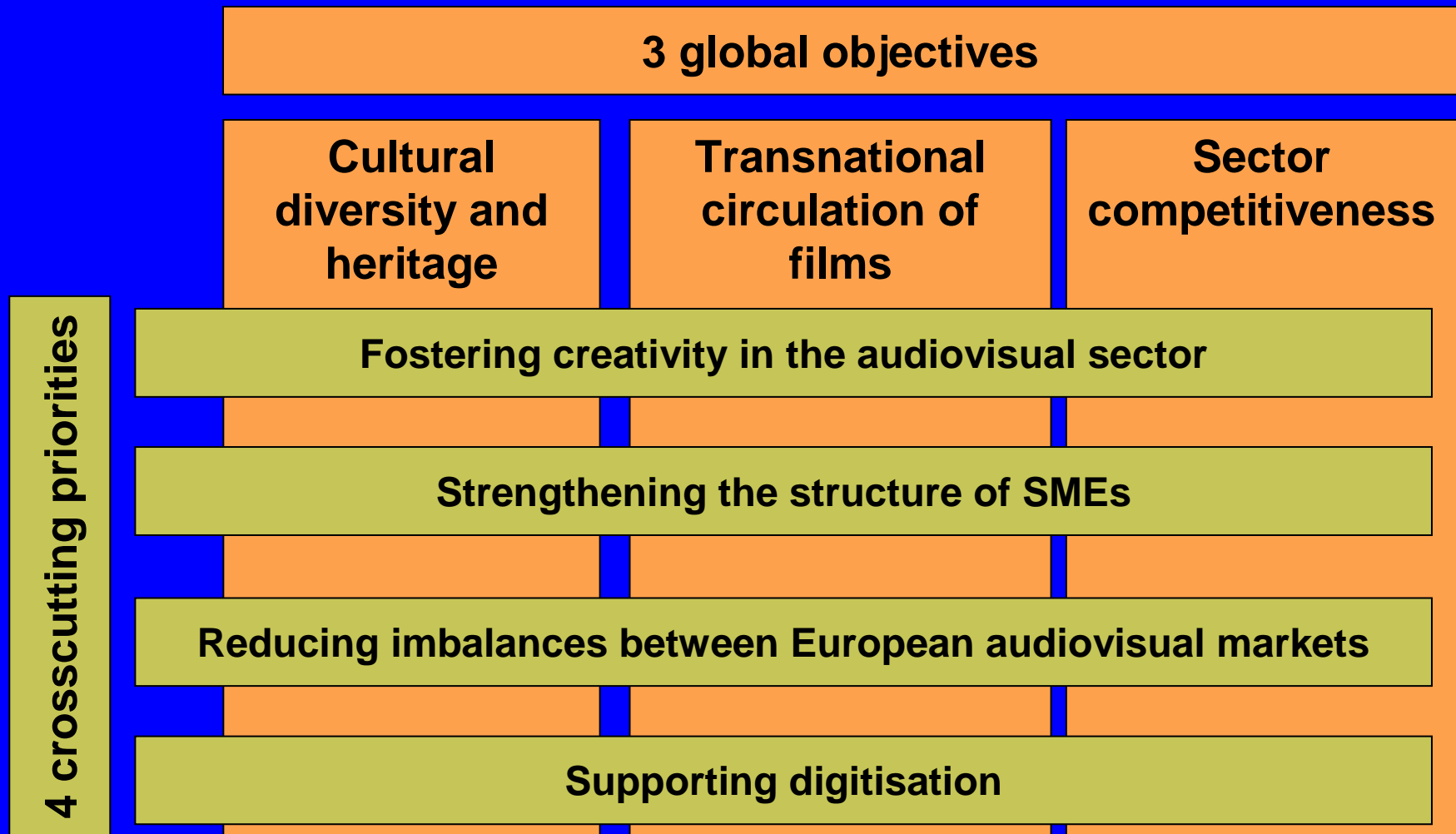
Emmanuel Joly
1 July 2011

EU action so far: the MEDIA programme

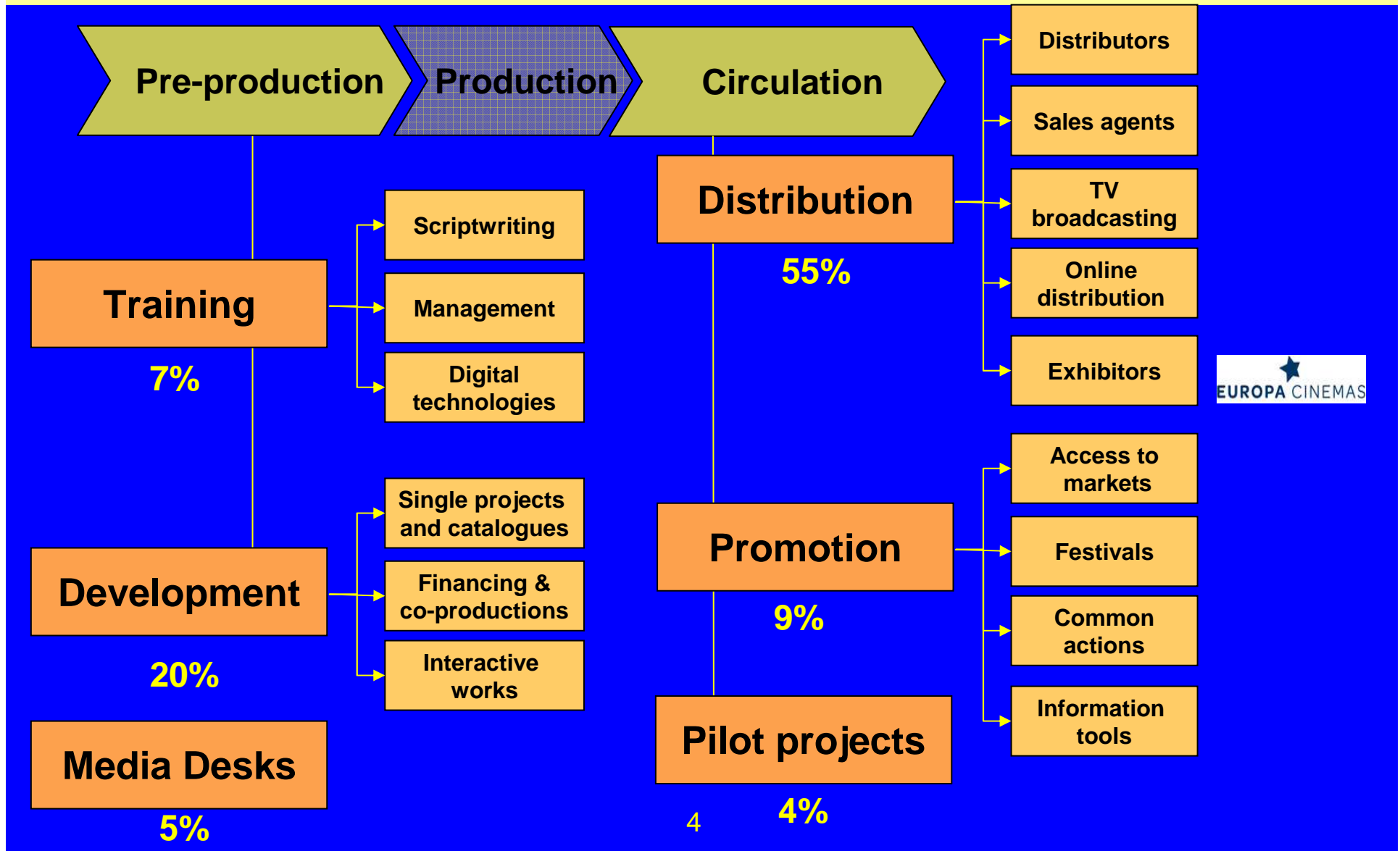
- MEDIA I (1991-1995)
- MEDIA II (1996-2000)
- MEDIA Plus & MEDIA Training (2000-2006)
- -----MEDIA 2007



MEDIA 2007 objectives



MEDIA 2007 Action lines



Number of projects supported in average per year

ACTION LINE MEDIA 2007	TOTAL FUNDING AWARDED	NUMBER OF PROJECTS
Training	6.826.600	46
Development	23.669.300	365
Distribution	55.412.500	1.150
Promotion and Festivals	10.718.300	138
Pilot Projects	701.700	3
Video on Demand	6.259.100	18
TOTAL	€ 103.587.500	1.720

EU action so far: Regulatory intervention

- Audiovisual Media Services (AVMS) Directive: programming of EU works and investment in independent production;
- Competition and State aid rules (subsidised industry);
- Internal Market rules;
- Copyright rules

EU action in the digital era, work in progress!

- The new programme is being discussed;
- The AVMS Directive is being transposed;
- The Policy of the Commission regarding State aid is under review (Issues paper recently published);
- European Digital Agenda for Europe => review of copyright policy
- Digitisation of cinema and cinema heritage

Challenges remain the same

- **Structural Weaknesses**
 - Vicious circle of under-investment
 - Under-capitalization of companies
 - Micro-SMEs with few assets
 - Fragmentation of the EU markets: absence of economy of scale
- **Low level of circulation of EU works outside their country of production**

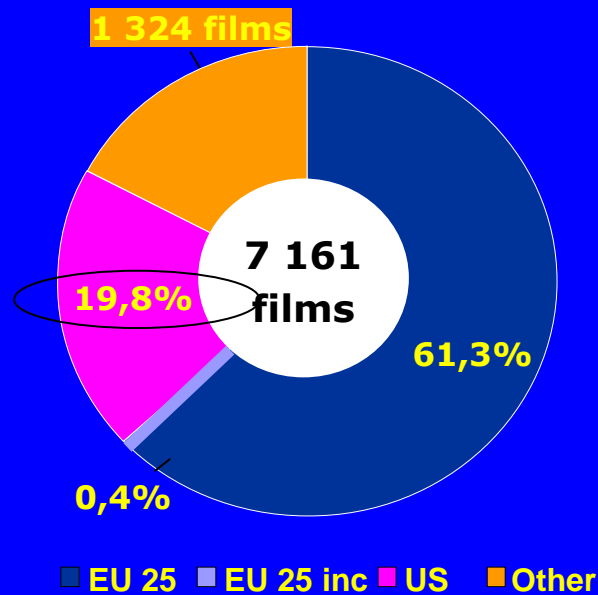
Low Market share of EU films

US films account for 65% market share

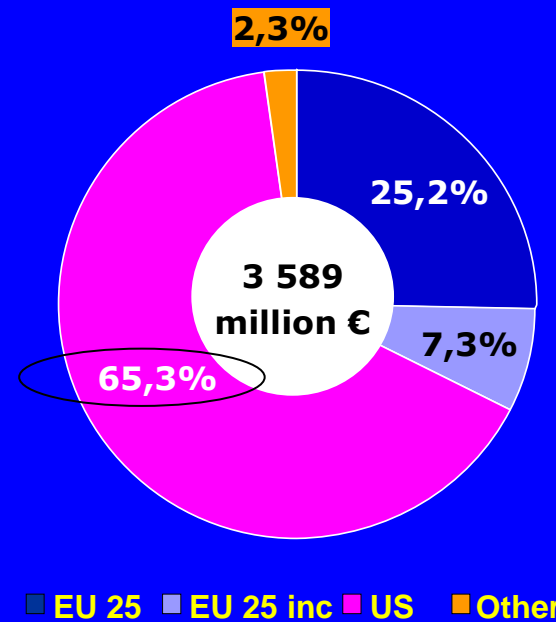
NUMBER OF FILM FIRST RELEASES IN EU 25 BY REGION OF ORIGIN 2002-2006

Source: European Audiovisual Observatory - LUMIERE Database

Total Films 2002-2006



Total Admissions 2002-2006



In 2008
Europe: 28,4%
Eur Inc: 6,8%
US: 63,2%

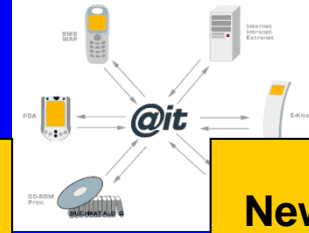
Low market share of EU films (2)

- Market share for European works
 - **30% in cinema**
 - **40 - 45% in TV fiction (AVMS quotas)**
 - **20% in DVD**
- Dominance of US and national films
- Market share for non-national European films: **7-8% for 20 years**
- Without MEDIA, would have gone down to **1-2%** due to increasingly difficult market conditions for these films

We are in a transitory situation



The old traditional model underlying cinema production and distribution is in crisis but is still dominant



New emerging business models have not taken over yet

But the key challenges for the creation of audiovisual works remain the same

Finding sources of finance

Need for new sources (ex: Investment funds, crowd-sourcing)

Creating compelling and attractive content

More complex environment

Interdependence between supports

Art of story-telling

Interactive story-telling

Reaching the audience

Multiplication of channels

New business models

European cinema success stories



Palme d'Or



Dancer in the Dark 2000



La stanza del Figlio - 2001



The Pianist - 2002



L'Enfant - 2005



The Wind that shakes the Barley - 2006



4 months, 3 weeks and 2 days - 2007



Entre les Murs - 2008



Das Weisse Band - 2009

Cannes 2010



21 MEDIA films selected

Official competition

- **Grand Prix du Jury**
"Des Hommes et des Dieux"
Xavier Beauvois
- **Best Director**
"Tournée"
Mathieu Amalric
- **Best actress**
Juliette Binoche
for her role in "Copie Conforme" (Abbas Kiarostami's Tuscan)



European Film Awards 2010

- 18 out of 30 films in competition at the awards received MEDIA support totalling more than € 4.5 M

« *Ghost Writer* »
by Roman Polanski
won all major prizes



E F A

The European Film Academy
has been supported by
MEDIA for 20 years

Opportunities offered by the digital revolution

The digital revolution means profound changes for the cinema economy, equivalent in 10 years to a century of previous changes

- Mutations in distribution, exhibition and production sectors
- Booming number of platforms and distribution channels: IPTV, connected TV, VOD – pressure on release windows

Opportunities offered by the digital revolution (2)

- Digital technologies should facilitate the circulation of AV works thanks to
 - Lower distribution costs
 - Lower break-even point
 - Multiplication of channels
 - Opportunities for niche products
- Particularly important for European works who have little space in the traditional model

Opportunities for European films

Old model Traditional Media	New model Digital Media
Gatekeeper Model	Creator Consumer Led Model
Restricts Audience Access	Enables Audience Access
Limited Space	Unlimited Space
Suits Blockbusters	Suits Niche & Specialist
Expensive Delivery	Low Cost Delivery
One-Size-Fits-All Strategy	Tailored Strategies
One Version	Unlimited Versions/ New Formats
Territorial release	Global Release
Exclusive Rights Deals	Non-Exclusive and Exclusive Deals
Value = Unit Sales	Value = Data, non-copiable items
Little Connection to Audiences	Direct Relationship With Audience

EU Action on digitisation of cinemas

- Digitisation takes place at a rapid pace;
- 2010 Commission Communication on digitisation of cinemas and follow-up: issues of financing/support; employment; standardisation; film heritage; compatibility of support mechanisms with State aid rules; access to finance.
- Social and cultural role of cinemas, especially small cinemas
- Follow-up of this Communication
- Support mechanisms available at European level: Eurimage, Europa-cinemas, new EU scheme
- On-going study on cinema heritage

May we live interesting times

- EU audiovisual policy is being adapted to the digital era, notably in the area of copyright and State aid
- The MEDIA programme is under review

Objectives and New Priorities

Objectives



Maintain economic and industrial objectives

Adapt actions to the new environment

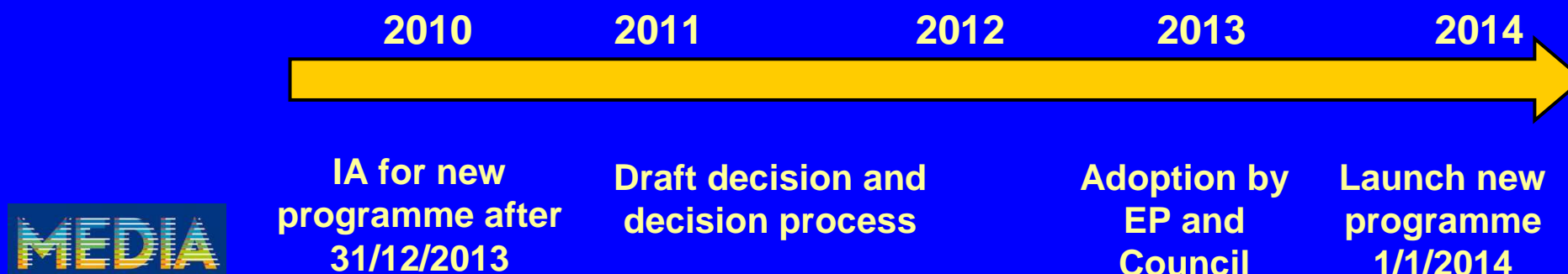
Respond to the needs of the market

New Priorities



- **Interactive works (and games?)**
- **TV broadcasters as new beneficiaries**
- **Digital exhibition**
- **New means of digital production and distribution**
- **Adapt support to distributors to digital context**
- **Access to private sources of finance**
- **Actions towards audience**
- **Initial training: collaboration with industry**
- **Question real impact of action lines such as i2i, TV**
- **Simplified procedures (comitology?)**

Roadmap 2013 and beyond



1991 - 2011

Celebrating 20 years of Passion this year !



Contacts and info

- Emmanuel Joly, EAC, Unit D3
emmanuel.joly@ec.europa.eu
<http://ec.europa.eu/media>
- MEDIA Desks
- Executive Agency « Education,
Audiovisual and Culture » (EACEA)