

Brussels, 20 September 2018

**A FAIR AND PROPORTIONATE BUDGETARY ALLOCATION FOR CREATIVE EUROPE
MEDIA ESSENTIAL FOR GROWTH AND SUSTAINABILITY OF EUROPEAN
AUDIOVISUAL SECTOR**

As organisations working across the European audiovisual sector, we represent film and TV producers, publishers and distributors of films both offline and online, sales companies, cinema operators and national promotion agencies. **In the context of discussions surrounding the future of Creative Europe, we would like to reiterate our utmost support for the Creative Europe MEDIA Programme and its proportionate share of the overall Creative Europe budget.**

Over the past 27 years, the MEDIA Programme has been instrumental in making the European audiovisual industry more culturally and creatively diverse than ever. There is no doubt that it has assisted and facilitated the development of a dedicated audiovisual and creative industry, proactively creating markets and audiences for European non-national content across Europe and beyond.¹ As such, MEDIA support has proved invaluable in terms of promoting European audiovisual works across multiple distribution channels and developing new audiences in the EU and further afield.

Taking these vital contributions into account, we see the European Commission's budgetary proposal as a good starting point for legislative discussion. We are supportive of the approach taken by the European Commission to consider an overall proper industry strategy for all cultural and creative industries, which collectively provide 12 million full-time jobs (7.5 % of the EU's workforce) and generate approximately €509bn of GDP (5.3 % of the EU's total GVA).² Our sectors' contributions to both EU and national economies and employment have consistent spillover effects on Europe's cultural and social development in all 28 Member States, fostering community cohesion as well as creativity and entrepreneurial spirit amongst SMEs.

We do, however, consider the 7-year Creative Europe budget of €1.85b to not sufficiently reflect the current political, economic, market and cultural challenges facing the European Union. We therefore call for a significant increase of the budget for the Creative Europe Programme and, more specifically, that the proposed 58% share earmarked for Creative Europe MEDIA in the Creative Europe Programme's budget must at the very least be guaranteed in relation to the overall financial proposal.

We are supportive of the European Commission's justification for the thoughtful allocation of funds to the MEDIA sub-programme, which provides key support to the sensitive European film and audiovisual industries in this period of digital transition that implies higher costs for producing, distributing, marketing and exhibiting European films. We consistently urge legislators to confirm this allocation, which is crucial in terms of the competitiveness and the agility of the European film and audiovisual industries, both at home in Europe and in global markets.

¹ European films are considered "national" in the country participating in the MEDIA Sub-Programme that contributes the highest proportion in the making of the film. They will be considered as "non-national" in all other countries.

² Based on [Report on a coherent EU policy for cultural and creative industries](#), rapporteurs MEPs Ehler & Morgano.

The budgetary percentage allocated to MEDIA will not only help to address the above-mentioned challenges including, in a time of market transition, evolving business models, financing opportunities and revenue streams; it will also represent real added value to the contributions made by private investments from the European film and audiovisual sector in development, production, promotion, marketing, and distribution both offline and online - including outside home markets - and exhibition in the highest quality and most accessible means possible.

More specifically:

- **Production**: European film and TV production companies are mostly SMEs. The financial support from the MEDIA strand of the Creative Europe Programme for development contributes to the sustainability of the production sector by promoting the best conditions for ambitious European film and TV projects to be developed. The development stage is indeed key for guaranteeing creativity and diversity in film and TV projects in Europe. When a project's development is ripe enough to go to pre-production, it then comes to the financing of projects. In this field, co-productions have proven to be one of the main assets for the development of the European sector and its productions. They also constitute a major incentive to improve the circulation of European films. Co-producing means access to financing, pooling creative resources and ensuring privileged access to bigger and diverse markets. The coproduction of feature films as well as animation and documentaries, intended for theatrical release, has to be planned with significant multi-market circulation potential in mind. Hence, the importance of devoting sufficient funds in the new Creative Europe MEDIA Programme to fostering development and coproduction going forward;
- **Sales agents** are an important partner for filmmakers, producers and distributors, who license films for all rights and releases. They have an international vision of markets, through their relationships with buyers and festival programmers all over the world, both inside and outside of Europe. They follow-up on the international career of films, from sales all the way through to distribution, as well as on the international film festival circuit through direct financial participation with pre-sales and co-productions, development of international strategies and marketing films to foreign distributors in cooperation with directors and producers. This also includes the discovery and promotion of new talents and exploring new horizons for international distribution. Sales agents are essential for the circulation and B2B promotion of films and, with the support of Creative Europe MEDIA, they are able to face current market challenges and open up new possibilities for international distribution;
- **Distribution** represents a key area of focus for the MEDIA sub-programme, which allows distributors to lower their already high risks, invest better and offer much-needed visibility to the public, thus giving films more of a chance to seduce viewers. MEDIA support contributes to a diverse film offer, itself part of the policy of cultural diversity and European values. In the life cycle of a film, distribution is the lynchpin of the whole undertaking because the distribution process is crucial in connecting films with audiences. By working on the promotion and marketing of films, distributors create visibility and make stories exist for the audience; by buying the rights of the films (for all platforms: theatres, DVD & VoD, TV), they support the financing of these stories and help make them happen. It is only when films reach their proper audience that they achieve their extraordinary potential to excite, amaze and amuse people. Given the scarcity of financial resources available to film distributors and in a time of

disrupting transition and digital challenges where distributors are facing a lack of return on their investment, the MEDIA distribution schemes truly encourage distribution companies (mainly micro and small-sized enterprises) to continue to take risks when investing and bringing European non-national films to local audiences. The two distribution support schemes provided by the MEDIA Programme have made it possible to both afford the acquisition and release of big-budget European films and to give smaller, more fragile, art-house films a chance in cinemas. The new MEDIA Programme presents an opportunity to promote the presence of non-national European content through all distribution channels and, through an innovative funding strategy, take into account the technicalities and specifics of releasing European productions across Europe and beyond. This is why distribution should be at the forefront of MEDIA thinking, in order to leverage public investment to best effect;

- **Cinema theatres** remain the best places to see films as truly intended by their makers, both on the creative and the business side as a film's theatrical success serves as a driving force behind its performance on other platforms. They also represent the best means of promoting films due to their proximity to audiences and engagement with their preferences and habits. Cinemas are cultural hubs – dynamic meeting places that foster discussion surrounding European cultural identity and enable its citizens to experience the wealth of cultural diversity Europe has to offer. Cinema operators' continued financial commitment to upgrading their offers and audience development initiatives represents key re-investment into the wider European audiovisual sector and supplements the broader benefits provided by cinema theatres, such as local employment opportunities and urban regeneration. Member screens of the Creative Europe MEDIA-supported cinema network welcome twice as many admissions for European films than the wider sector and are present in many smaller cities.³ It is therefore clear that investment in cinemas is vital in driving a healthy European film market. 80% of the supported network cinemas also deliver activities focused on youth engagement, which helps build film culture, future audiences and talent. Furthermore, increased funding would go a long way in triggering the potential expansion of cinemas committed to European content in Eastern Europe, which remains relatively underserved in this regard;
- **Video publishers** (both offline and online) play an integral role in building audience awareness around films and TV programmes by developing marketing in the national markets where they operate, optimising the distribution/publication on all channels (offline and online) and recouping investments in production. Here, the MEDIA Programme should incentivise private investments in the circulation of European non-national films and TV programmes;
- **The promotion of European productions both within and outside Europe** is key in terms of accessing markets outside the country/ies of production and reaching new audiences. The MEDIA strand is pivotal in fostering the visibility of the European industry and its productions in major industry markets, as it promotes conditions for strong cooperation between operators in the value-chain. Among central operators in this regard, international film festivals represent efficient promotion vehicles for films and are a particularly effective means of improving the visibility and discoverability of audiovisual works, especially beyond home markets. Their role is also key in building awareness with the audiences, whether at national, European or global level, and

³ It also illustrates the potential returns of investment – according to the [European Commission factsheet](#), each euro invested in the network generates €13 for the Audiovisual sector through additional audiences.

offering good networking and future development/partnership opportunities. On a business-to-business level, festivals and markets are the most important platform to access international markets and stimulate the sales of European films;

- **International collaboration and networking** is fundamental. Creative Europe MEDIA should be able to support more activities/measures in terms of collaboration with countries outside of Europe in the future, in order to keep the European audiovisual sector competitive on a global landscape and visible on the hugely growing number of cinema screens in many emerging markets. Diversity – in all aspects – must be essential to all measures/activities, which would be made possible should the overall budget be increased, as stability in the current funding schemes/projects is essential for the industry to continue its operations;
- Although there is still much work to be done, our industry is more and more committed to achieving **gender-balanced leadership**, in particular with the adoption of a Framework of Actions for Gender Equality in the European audiovisual sector in 2011.⁴ The proposal by the European Commission to place gender-balance at the core of the next generation of the MEDIA Programme would be a major development to foster and support the ecosystem's efforts in the field of gender equality.

It is therefore clear that ensuring adequate funding for the Creative Europe Programme and confirming the 58% allocation of its future budget to its MEDIA strand remains key for the sustainability and future economic growth of the European film and audiovisual sector and, consequently, its important contributions to European and national economies, employment, diversity and cultural identity.

By contributing to the ongoing reflections, our organisations also wish to reiterate openness and commitment to continuing the discussions with the relevant Committees of the European Parliament and member states, with a view to achieving the important policy objective over the coming months.

Signatories



⁴ <http://ec.europa.eu/social/main.jsp?catId=521&langId=en&agreementId=5206>

CEPI – The European Coordination of Independent Producers

EFP – International Network of Organisations Promoting & Marketing European Cinema Worldwide

Eurocinema – Association des producteurs de Cinéma et de Télévision

Europa Cinemas – Réseau International de salles de cinéma pour la diffusion de films européens

Europa Distribution – European Network of Independent Film Distributors

Europa International – European Network for Sales Agents

FIAD – International Federation of Film Distributors' Associations

FIAPF – International Federation of Film Producers' Associations

IVF – International Video Federation

UNIC – International Union of Cinemas