8th Annual Conference Proceedings

Prague

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Friday 28 November 2003

OPENING OF THE CONFERENCE

Claude-Eric Poiroux, *General Director, Europa Cinemas*

SESSION I. ARE FILM THEATRES THREATENED BY THE EMERGENCE OF NEW DISTRIBUTION MEDIA?

• What are these new distribution media and what do they represent in terms of market shares for films ?
• Does the development of these media have an economic impact on the attendance of European films in cinemas?
• What coherence is to be found in European and Mediterranean regulations governing the chronology for the exploitation of films?
• The economic consequences of piracy on the circulation of European and Mediterranean films.

Conducted by Pascal Rogard, *General Secretary, Association des Auteurs Réalisateurs Producteurs – ARP, France*

1st Part – Speakers :

Helen Davis-Jayalath, *Senior Analyst, Screen Digest, UK*
François Hurard, *Director of Cinema services, Centre National de la Cinématographie, France*
Jean-Paul Commin, *President, International Video Federation*
Jon Bohmer, *General Director, Pronto TV, Norway*

2nd Part – Speakers :

Nicole La Bouverie, *Expert, Zenab, Belgium*
Jimmy Katz, *Vice President, MPA-Europe, USA*
Johannes Klingsporn, *General Secretary, Federation of German Distributors, Germany*
Dora Bouchoucha, *Producer, Nomadis Films, Tunisia*

Claude-Eric Poiroux:

2003 sees the 8th Annual Europa Cinemas Conference being held in Prague in the Don Giovanni Hotel, not far from Franz Kafka's grave. Europa Cinemas' Director General, Claude-Eric Poiroux, welcomes the speakers and the audience, on the morning of 28th November. He describes the three-day programme on behalf of Claude Miller, filmmaker, President of Europa Cinemas, and on behalf of Costas Daskalakis, Deputy Director of the European Commission's MEDIA Plus programme. The two will be joining the assembly in the afternoon.

During the conference, simultaneous interpretation will be available in five languages as required during the various sessions: German, English, Spanish, French and Italian.

Pascal Rogard, former Managing Director of ARP and the new C.E.O of SACD is introduced to the audience. He will chair the first session on the relationship between new channels for distribution of films and how films perform in theatres.

Pascal Rogard:

New technologies, video, pay-per-view and video on demand are the topics to be addressed in this debate. The latter technique of access to films is not yet very widespread but will probably have an impact on audience numbers in film theatres in the future.

A new generation of distribution channels for cinematographic works is coming into being. The 1980s saw the start of a drop in box-office figures across Europe due to the advent of videocassettes and pay TV. Investments by exhibitors to set up multiplexes once again increased audience numbers in theatres over the following decade. Since 2000, audience numbers have more or less stagnated or indeed dropped. This development could simply be a phase in a cycle caused by a hypothetical lack of attractive cinematographic productions, but it transpires that it is actually structural in nature. New media for recording and viewing films, such as DVD, high-speed Internet access and digital compression for the DivX format are all in competition with film theatres and the latter data processing technology generates « mass audience » pirated copies. Individuals can exchange pirate copies of films as easily as they exchange mails, introducing the notion of no-cost access into cinema economics. There is a direct threat to both the business side of things, encompassing film theatres, DVD and pay TV channels, and, *a fortiori,* to creative activity.

Helen Davis Jayalath, analyst for *Screen Digest* presents a quantitative analysis of new markets in these recent technologies.

Helen Davis Jayalath:

Screen Digest is a monthly magazine that has been appearing for thirty years. It publishes media analyses from all around the globe, together with market reports on these media. The new distribution media make it possible to select the title of a film you want to see and choose when to watch it at home. An individual's budget for viewing films is divided as follows: 40 % of expenditure for cinema, 8 % for VHS or DVD purchases, 27 % for renting VHS or DVD. The remaining 25 % can be attributed to pay TV. In quantitative terms viewing time is divided as follows: 37 % films in cinemas, 40 % for VHS and DVD purchased by the viewer, 20 % rented VHS and DVD and 3 % for pay TV.

The term video encompasses several formats: VHS cassettes, video CDs, highly developed in Asia and more recently DVD. Since 1998, expenditure on DVD purchases has doubled. In 2003, growth in this domain will be around 17 %. This represents an industrial value of 13 billion euros. During the same period, VHS sales dropped by 33 %. In Europe, the DVD market will grow by a further 50 %, and hence will have a future industrial value of 10 billion euros. At present, 15 million households in Europe have a DVD player. Over the next few years this figure may grow to 100 million households, corresponding to aggregate expenditure of 17.5 million euros for all households. The video rentals market has also benefited from this windfall.

A further distribution technique is pay per view. The viewer can select a programme and the time it will be shown by making a per-unit payment to a channel. In Europe, this service broadcasts films three to six months after they are released on video. Forty European firms offer this type of commercial package, launched in 1994. Consumption of this mode of distribution has increased by 20 %, with total expenditure amounting to 600 million euros. The pay per view market is most developed in Spain, France and Great Britain, where it has crossed the 100 million euros threshold. British and French clients purchase on average 60 % films, whilst the Spanish consume around the same amount of sports broadcasts. In the future, pay media may become a market worth around 1.5 billion euros. In Germany the market will grow by a factor of ten.

Another version of this type of service is known as video on demand. Unlike pay media, which offers a choice of programmes repeated at various different time slots, video on demand allows viewers to make a choice from a database of programmes. You can order as many films as you like from a central service around the clock. The system is so flexible that viewers can interrupt, fast-forward, rewind or delay screening of a work they have rented while it is being shown. An analogous system is available for PCs but is not yet widespread.
Unlike pay per view, the video on demand market is shrinking. It is only possible to access the technology via cable, which is still not broadly available. The European market prefers to use parabolic antennas and satellite broadcasts. The best-known firms offering video on demand are Kings (Great Britain) with a large catalogue of blockbuster*s*, and Hans Metzspiel Movie (Germany). The European market is lagging five years behind the United States. 7 million Americans already use video on demand.
However, film theatres are not in danger despite the emergence of all these new modes of distributing film. Theatre revenue will increase by 21 %. Although the spread of DVDs does change the way in which film-lovers express their love of cinema, it also encourage audiences to see a new production in a theatre before purchasing the DVD for home use. As we have seen, in the long term, video and the increased number of TV channels have not severely affected audience numbers in film theatres.

Pascal Rogard:

In the light of this presentation it seems that the video and in particular the DVD market have much higher turnover than film theatres. According to Jean-Paul Commin, President of the International Video Federation, it is very difficult to determine the precise figures for retail sales and rentals.

Helen Davis Jayalath:

There is a highly sophisticated system for monitoring video sales and rentals in Great Britain. This market is measured by centralising figures for all transactions relating to VHS or DVD sales or rentals. Each firm involved in this business declares its revenue to this central body.

Pascal Rogard:

The CNC should draw on the British example to organise detailed monitoring of revenue in the video sector in France, particularly as it already organises a perfectly functional system of this kind for film theatres in France.

Jean-Paul Commin:

This transparent monitoring system for the video business was set up in Britain around 10 years ago. It’s fair to say that the rest of Europe is lagging behind the British to a certain extent. In France and Germany however survey and statistical institutes do at least make it possible to obtain information on the market for video sales. If the rentals market is to be monitored, an electronic device that declares all transactions to a central data-collection unit must be set up in each rental outlet, as is the case in Great Britain. The British have soared ahead in this sphere, as rentals make up the lion's share of the UK market. In France rentals account for just 8 % of video producers' turnover. That is still a low figure.

Although turnover figures appear higher than for film theatres, elevated marketing costs for launching a DVD mean this does not automatically generate correspondingly high revenue for the film on DVD. For that reason DVDs must become more profitable if this sector is to help finance cinema and make a contribution to a film's overall revenue.

The future does not look quite as rosy as suggested by Hélène Davis Jalayath. There are likely to be pronounced developments in the current phase of the economic cycle between now and 2006. Different modes of access to works change more and more rapidly, as do cultural practices. In particular video on demand will cause many upheavals due to the increasing use of high-speed Internet access. DVD market growth is likely to suffer from this. Last year, the European market for video and DVD saw 27 % growth. In 2003 growth will be around 15 %. The first buyers of DVD players purchased large quantities of DVDs. Currently these new clients, who now make up the bulk of consumers in the film market, are looking for more rapid access to films at lower prices. People buying DVDs at present, who also go to see films in theatres, tend to subscribe to a high-speed Internet service. The idea of free access and immediate service offered by this technology influences the behaviour of consumers between 15 and 30. They want to be the first to see a film before it is screened in theatres. This playful one-upmanship of course gives rise to pirate copies of works. Purchasing access to a film will no longer be self-evident.

New price effects appeared rapidly, triggering a DVD price war primarily in Germany, the UK and France. The video market should adopt the same price stability policy as that applied in film theatres. This is all the more logical as the economics of the video and DVD markets derive from the theatrical exhibition market. Film theatres must be protected, as a film's success on the big screen can generate considerable video sales. It is once again audience behaviour that determines the economic fate of cinematographic works.

Independent distributors on the cinematographic exhibition market have understood that film theatres and DVDs should not be made to compete with each other. Many distributors have added another string to their bow and have also begun to bring out videos. There will be a move towards a synergy between the exhibition market and the video market, exemplified in DVD sales in cinemas.

Pascal Rogard:

The market slow-down for film theatres, video and DVD looks likely to be sustained. Private digital copies are going to become one of the key issues at stake, given the advent of new digital recording devices on sale to the general public, along with file exchange over the Internet and video on demand proposed by telephone companies via ADSL. This will allow these companies to squeeze more profit out of fixed-line subscriptions, which had been shrinking as most people now use mobile telephones.

France Télécom has become involved with TPS, a subsidiary of TF1, in order to compete with the Canal Plus pay TV channel. They will be proposing a video on demand service via telephone lines in late 2003. However, this new technology is not yet widespread. Jon Bohmer, C.E.O of Pronto TV, will make a presentation on the ins and outs of this issue.

Jon Bohmer:

Pronto TV came into being in 1988 and has 80 employees. Its headquarters are in Oslo. Its market extends from Europe to Asia, and it is particularly active in the hotel sector. Many households also number among its customers. The company creates software and also works with high-resolution systems, which may be utilised in film theatres for digital projection of films. Pronto TV's programme includes broadcasting advertising films and news in airports and trains, drawing on the BBC's editorial office and Télé Nord's satellite system.

Pronto TV also offers a video on demand service, which screens a film for the first time 45 days after it is available for rental. This time lag is not a major drawback as the firm's main customers are business people who travel a lot.

The technology used to broadcast the various programmes functions with broadband. It establishes a connection with the server and picks up signals from satellites to record the television programmes that will be offered to the customer later. The customers can link up their television set or computer to the system using optic fibres or cable. … By 2007 Germany will have 12 million broadband lines. For the time being the cost of installing a broadband connection is fairly high for individual consumers (200 dollars). However, the equipment will be available for rental at prices between 10 and 20 euros a month. At present, 60 million European households are equipped with broadband and only 200,000 use video on demand. The initial difficulty for operators is to recoup the investment they make in purchasing programmes.

Video on demand brings together the three C's for television viewers: choice, comfort and control. However, using the system via a computer remains problematic if this replaces a television set. A computer screen is designed to be viewed by one person at a time. It can be connected to a television set to view a programme with several people, but this means two devices are needed at the same time. That gives rise to a whole host of practical difficulties. A computer is only really useful to read digital copies. It can facilitate access to films that have just been released and are slow in reaching audiences in small or medium-sized towns. It is up to the distributor to coordinate the release of a film to ensure that it is screened in plenty of theatres very soon after it is out on general release. The film should be made available as widely as possible. Distribution of prints must no longer be in several waves depending on the size of the city in which the film is to be screened. Digital prints may be used in the future to reduce time lags and cut costs in making prints, which will mean cinemas will have to invest in a fairly low-cost high-resolution computer.

Pascal Rogard:

Whilst it appears inevitable that video on demand will continue to expand over the next three years, it is of the essence for the cinematographic and audiovisual industry to set up various forms of defence against pirate copies. It is up to the public authorities to establish a legislative system that ensures a fee is payable each time a copy of a film is accessed. It is high time that we ensure that digital commercialisation of works is not just a hollow term, by abolishing free downloads. That will not impede efforts to make films offered through these channels even more accessible to individual viewers.

Michel Humbert (exhibitor):

Nowadays viewers demand an ever broader choice of films. The new technologies that have been mentioned facilitate access to works and supply-side diversification. However, not long ago viewers could not acquire a cinematographic work at home. Whether we like it or not, it is up to film theatres to provide scope for a real sensory response to a film. That is where younger generations should be discovering films.

Jean-Pierre Lemoine (exhibitor):

What are the elements that determine the price of a DVD?

Jean-Paul Commin:

There is high VAT on DVDs. Out of an overall price of 25 euros, the producer and director receive just 4 euros. Video producers have slim profit margins. For European cinema, audience numbers in cinemas appear to be considerably higher than the number of viewers who buy DVDs. This conversion rate turns out to be a success when it is around 5 %, in other words 5,000 DVD purchased per 100,000 admissions. For a blockbuster, this percentage may be over 10 % and may be as high as 20 % if the film is aimed at young audiences. These figures apply to the various national markets in Europe.

Pascal Rogard:

The second part of our discussion will address media exploitation chronology and piracy. The Member States of the European Union have a right to regulate the media exploitation chronology used by the video industry. This European legislation came into being after France adopted a bill on the media exploitation chronology for video releases in 1982. It was promulgated in order to protect cinema exhibitors. Provisions governing the broadcasting of films on television are not included in the various decrees and bills adopted to date. This sector is governed by individual or collective agreements between rights-holders (producer, distributor) and the channel. It is nevertheless still the case that video on demand is not obliged to respect any particular media exploitation chronology. This proves to be problematic, as this system makes it possible to download films internationally.

Nicole La Bouverie (consultant):

The Franco-Belgian consultants, Zenab, were commissioned by the European Commission to study media exploitation chronology. Two texts provide the legal framework for this domain: article 7 on broadcasting and article 4 on copyright. The latter provision allows a DVD to be circulated freely in the European Single Market area even if a distributor outside this commercial sector also holds rights to this film. Any DVD distributed within the EU enjoys exhaustion of rights in order to ensure that this product complies with European free trade rules. This does not however resolve the problems of the time frame to be respected for the release of DVDs when the same film is to be exhibited in European theatres. In fact, a DVD may be sold in a country in the European Union even if the cinematographic work has not yet been distributed to theatres there or even if the DVD in the language of the country has not yet been launched. Gentlemen's agreements have thus been established between distributors and video producers in various European countries to avoid unfettered competition but this is simply window-dressing, particularly as DVDs circulating within the Single Market may come from the United States or Asia.

The problem becomes even more tricky when the Internet comes into play. When a film is recorded on DVD for the first time, long before it is commercialised, the file for the film is already on line on the web and can be downloaded by viewers before it is exhibited in film theatres. A film can fit onto a standard 700 MB CD if it is compressed into the DivX format. Young audiences, egged on by the computer industry, which sells the technology at very accessible prices, produce the bulk of these pirate copies. To remedy this situation, we should foster simultaneous worldwide release of films and establish legislation to ensure that cinematographic exhibition always precedes the release of the corresponding DVD.

Pascal Rogard:

The Americans enjoy a great advantage in the current context, as they control world distribution of their films. Only they can organise simultaneous release of a film across Europe through their distribution channels. A production from one of the Member States of the European Union must wait for the results of domestic exhibition before the film can be released in another country in Europe.

Johannes Klingsporn (Managing director of the Federation of German Distributors):

Germany draws on gentleman's agreements for German and foreign films. The country is also affected by the plague of piracy of cinematographic works. There are around 1.5 million illegal downloads nowadays. Several awareness-raising campaigns aimed at consumers have been organised by producers, distributors and exhibitors to explain the enormous loss of income caused by pirate copies. At present the Czech distributor of *Good Bye Lenin!* is reluctant to release the film in theatres in his country as thousands of pirate DVD are on the market. Technical monitoring of the sources is currently being discussed, suggesting that a digital authentication code should be introduced for copies to show they are legal. Legislative steps will be taken and deterrent measures introduced vis-à-vis certain portals that encourage pirate copies.

Pascal Rogard:

Telephone operators and Internet service providers offering high-speed access hold the main responsibility for pirate copies. They offer free downloads as loss leaders to sell subscriptions to their services. These firms have lost a lot of money and are trying to attract new customers by hook or by crook. As soon as they have to find a way to increase consumers' invoices, free downloads will vanish. These operators, many of whom have State shareholders, currently hamper European legislation. These ISPs must cooperate in the struggle to combat piracy. Jimmy Katz, MPA Vice-President, will present the American stance on this scourge.

Jimmy Katz:

The American situation appears to be more positive. Although a great number of households in the United States are equipped with high-speed technologies, this has not lead to a drop in audience numbers in film theatres. Americans are still attached to the experience of seeing a film on the big screen.

On the question of the time-schedules for releases in various media, the industry wants to keep a great deal of freedom to optimise profits, rather than being constrained by the straitjacket of a pre-established calendar. Each film has its own particular idiosyncrasies when it comes to distribution methods. It is important to act as a function of the market parameters. The sales process may be speeded up or slowed down. It all depends on how the business cycle is evolving at a particular time. The United States would also like to participate in global efforts to combat piracy and is ready to cooperate with Europe on this. Pirate copies are the greatest threat to the film industry.

Pascal Rogard:

These comments show that there is a need to organise an international legislative framework to combat piracy, also with a view to guaranteeing cultural diversity, which the Americans have assented to in an international convention.

François Hurard, Director of the cinema at the Centre National de la Cinématographie will present the stance of the most important regulatory body in French cinema.

François Hurard:

European viewers recognise the significance of cinema. It is the main motivation for subscribing to television channels. Over the past ten years, audience numbers in film theatres have increased by 60 % and film remains an important advertising vector for sales of new distribution technologies.

The CNC organises its system for film industry regulation in terms of two fundamental principles: ensuring diversity in production and creative activity, whilst maintaining the primary role of theatres as the place where a film is really born. Twenty years ago regulation served mainly to maintain a balance

between cinema and television. Nowadays home access to film has become more complex and a wider range of options are on offer thanks to the various modes of distributing films available in households. In this context, organising media exploitation schedules is becoming very laborious for the CNC. Exclusive slots have to be included in a plan encompassing seven to eight different players representing various distribution channels.
A further decisive factor is the technical contribution these new technologies offer households. DVD and video on demand attempt to compete with film theatres offering equally good image and sound quality. An individual viewer can also make a copy of a film and thanks to digital recording it will be just as good as the master print. This copy can be circulated ad infinitum via various networks. However, the main upcoming revolution is ADSL, in other words, using an existing telephone line to provide access to the Internet, television channels plus video on demand for individual users. These operators have a potential audience of 1.5 billion users around the globe.
In the light of the comparatively limited range of services the cinema offers, the CNC has already adopted a regulatory approach that responds to the video industry and its rapid growth. A 2% tax levied on the price consumers pay for a video, rather than on the video producer's price as used to be the case, serves to collect funds to support the industry; these monies - 40 million euros at present – are shared out among the production, distribution and exhibition sectors and between video producers. French film has a 17 % market share on video, compared with 37 % for film theatres.
France has set up an association to stem the spread of pirate copies, the ALPA (Association to Combat Audiovisual Piracy), which has helped to close down several sites. There is still a lot to be done in terms of national and international legislation, particularly at the European level. The other important aspect is educating young people, who have been come used to films being available for free on television and *a fortiori* to free Internet downloads. It is important to make them realise that they are using products from an industry in which copyright and intellectual property rights apply, and that the industry's high manufacturing costs preclude free access to products.

Pascal Rogard:

The measures taken by the CNC still seem to be fairly tentative. The video sector contributes 40 million euros to the support fund, whilst film theatres contribute 100 million euros. However, the video market is one and a half times larger than the cinema market. For that reason lower VAT ought to be levied on DVDs as should also be the case for records.

Dora Bouchoucha (producer):

The type of piracy seen in Europe and the United States also affects North Africa. It is concentrated primarily on decoders for pay TV channels. Many of these devices are fakes, as are the accompanying subscription cards. Television is the main source of access to films for the general public as cinemas are in areas far from residential neighbourhoods. High exchange rates for various African currencies impede imports of cultural goods through legal channels and make these products

very expensive for consumers. Many businesses even include both legal and illegal DVDs in their range. We are seeing a real institutionalisation of pirate copying.
However, although the Internet is frequently used in North African piracy of films, it can provide a low-cost distribution channel for Mediterranean cinema. Europe should support the film industry on this continent, otherwise piracy will remain the only way for its films to be distributed, in contempt of the various different intellectual property rights that apply. We should not close our eyes to this; for the time being, the blockbuster sector is the main victim of these parallel, illegal distribution circuits.

Pascal Rogard:
As piracy is now a worldwide phenomenon, it is time for the WTO to introduce legislation at the global level and to ensure that its existing intellectual property rights are enforced.

Nico Simon (Benelux exhibitor):
To come back to the question of exhaustion of the rights on a DVD distributed within the EU, it seems that this provision nonetheless authorises massive imports of zone 1 DVDs, which should be reserved for North America, as specified on the DVD covers from this continent.

Nicole la Bouverie:
That would imply exhaustion of rights for a DVD globally. No legal or business regulation of this nature has been adopted. American majors have not subscribed to this type of provision. Zone 1 DVDs, which can be found in Europe, are parallel imports.

Pascal Rogard:
This phenomenon means each European Union country must introduce its own provisions in this sphere within its own borders, as is already the case in France. A state can keep its national market under control by taking charge itself of the media exploitation chronology there, including the time-schedule for DVD releases. Exhaustion of rights exists at the European level but slots into the broader framework of national legislation controlling imports during the periods stipulated in the media exploitation chronology.

Jimmy Katz:
Large-scale exports of DVDs from zone 1 results from a commercial doctrine know as the first sell doctrine. An American wholesaler or retailer that purchases a DVD from a studio acquires complete control of the product, with the studio having no further rights in respect of the product. Wholesalers are free to organise sales of the DVD around the globe as they see fit, often via the Internet. The majors tolerate this provided it does not conflict with the marketing plans they have developed for the release of a film or DVD in a particular country abroad.

SESSION II. THE FILM THEATRE : A PLACE OF DIVERSITY FOR THE SUPPLY OF EUROPEAN FILMS
• Moving towards a new generation of arthouse cinemas: concepts and identities.
• Improving the potential of European films in film theatres: a challenge for distributors and exhibitors (promotion and marketing).
• The economic impact of audience loyalty initiatives on film attendance figures.
• How can we develop film culture among young people?
Conducted by Jonathan Davis, *European Affairs Advisor, UK Film Council*
1st Part – Speakers :
Bertrand Roger, *Director of Exhibition, MK2, France*
Stein Sandvik, *Director of Exhibition, Bergen Kino, Norway*
Dick Smits, *Exhibitor, Lux-Cinemarienburg, Netherlands*
Lionello Cerri, *Exhibitor, Producer, Anteo Spazio/Lumière, Italy*
Jean Labé, *President, National Federation of French Cinemas, France*
2nd Part – Speakers :
Roman Gutek, *Distributor, Exhibitor, Gutek Films, Poland*
Gianluca Farinelli, *Director of Bologne Cinematheque, Italy*
Stephan Hutter, *Distributor, Prokino Filmverleih, Germany*
Claude-Eric Poiroux, *Exhibitor, Director of Premiers Plans Festival, France*
Fatima Djoumer, *International Relations & Events, Europa Cinemas*

Claude Miller:

The eighth annual Europa Cinemas conference is being held at the moment when an agreement on European Union enlargement is being signed, welcoming ten new states from Central and Eastern Europe into the EU. Europa Cinemas felt it was important to express support for this project by meeting in Prague, the capital of the Czech Republic, which is soon to be a member of the EU. Let me remind you that the Czech Republic, where we are holding this conference, has been a partner of Europa Cinemas for ten years thanks to Eurimages and the French Ministry of Foreign Affairs.
The new European Commission has just confirmed the principle of the « cultural exception ». That means there is a sound basis for the measures we will take to reinforce and defend the European film and audiovisual industry, which will be developed in conjunction with the Media Plus, Euromed Audiovisual and Africa Cinema programmes, where Europa Cinemas is also involved.

Costas Daskalakis:

As deputy director of the Media Plus programme, I would like to congratulate Europa Cinemas. It is the oldest and most successful audiovisual programme. Its network comprises a very large number of Europe's film theatres and concentrates on including European works in programming, a goal shared with the Media Plus plan. Europa Cinemas success offers a sound argument for extending the Media Plus programme. After submitting an evaluation to the comité de direction, which was transmitted to the various European bodies, the European Council has decided to continue the Media Plus plan until 2006 with a possible one-year extension. The European Parliament's decision is also needed here, as it will vote on the budget. The financial perspectives beyond 2006 are still ill-defined due to the problems posed by the Stability Pact. For that reason Media Plus, in conjunction with Europa

Cinemas, must propose precise specifications on arrangements for extending the programme whilst awaiting a decision on new funding for the programme.

Claude-Eric Poiroux:

The discussion we are about to move into will focus on the diversity of European films screened in film theatres. Jonathan Davis, European Affairs consultant and advisor to the UK Film Council, will coordinate the debate.

Jonathan Davis:

This round table will be structured with two main focal points. The first will concentrate on the experience of multiplexes in various European Union countries and their approach to programming European films. The second will look at loyalty cards and the various types of marketing that have been employed and should be developed to maintain the cultural diversity that the European network has to offer.

This discussion aims to comprehend European enlargement and thus the number of cinemas involved. Here we are looking not just at developing the film theatre market, where Europa Cinemas is involved, but also integrating the cinematographic culture of the new European Union Member States. Over these three days we should seek to assess the instruments Europa Cinemas can employ to take on this pressing task.

Stein Sandvik (exhibitor):

The Norwegian exhibition market is fairly weak compared with markets in other large European countries. We have an audience rating of 11 million viewers, which is not highly attractive to large international networks. For that reason the State continues to manage cinemas though the municipalities and local authorities that own them. This encourages very diversified programming that tends to have a pedagogical slant, aimed at young audiences. Perhaps theatres will be sold back to limited liability companies in the future.

Multiplexes have sprung up in Norway just as they have elsewhere in Europe. Around fifteen years ago there was a considerable drop in film imports. American productions took over the lion’s share of the market and European distributors were hesitant to export their films to Norway. To alleviate these legitimate concerns, an import support fund for European works was set up, providing a guarantee for 80 % of distribution costs. A selection committee with representatives from the film industry examines applicants’ files and considers the financial assistance to be granted.

The Norwegian exhibition system also gives a great deal of thought to different types of viewers. Promotional activity is concentrated on the various target audiences with a view to offering them European films likely to interest them. This includes much more than advertising in the strict sense of the term and encompasses events and cultural measures involving the press, festivals, schools and film archives...

Jonathan Davis:

After this overview concentrating on films rather than multiplexes, Bertrand Roger, Exhibition Director for MK2 will present the situation facing his network.

Bertrand Roger:

The percentage of audiences viewing European films in the MK2 network is not enormously different from the situation our Norwegian and Dutch neighbours encounter. The figure is around 60 %, with French productions accounting for 40 %. However, MK2 is in a sense a one-off, as the network only exists in Paris. The MK2 network was created in 1974 in a neighbourhood dominated by exhibitors of pornographic and martial arts films. This first theatre organised numerous militant political debates in the post-68 era, and only included films in the original language version in the programme. A bookshop was also set up. Original language versions are still a priority in the current network. Now the network has built various cinemas, including MK2 Beaubourg, MK2 Quai de Seine, and, in February 2003, MK2 Bibliothèque. All these cinemas came into being as a result of fieldwork that ensured the theatres are in keeping with their neighbourhood. They are not formulaic solutions, brought from the outside and imposed on a particular location. As the UGC and Euro Palace multiplexes were already on the scene, there was scope for MK2 to dream up a complex with 14 theatres that would nonetheless be governed by the logic of a neighbourhood cinema. The most important consideration was to offer a large choice of films, which the François Mitterrand library area could absorb thanks to the potential audience numbers. In addition to its 14 theatres, MK2 Bibliothèque offers three restaurants, a late-opening bar, a bookshop, a DVD outlet, a record shop and two exhibition spaces. The projection rooms have both 35 mm and digital projectors. The future of exhibition for MK2 will go hand-in-hand with the DVDs on sale in our theatres as soon as a film is screened. MK2's activities as a video producer have already given it an opportunity to see this in practice through restoring Charlie Chaplin films. A screening of a work of film heritage becomes a real event when a film is shown on a big screen. The film theatre acts as a loss-leader for DVDs.
Unlike the other cinemas in the network, which also screen short films, documentaries and reruns, MK2 Bibliothèque only shows films for which it holds exclusive screening rights for Paris, and these are kept on the programme for as long as possible.
MK2's priority is always for the theatre to serve the film.
When UGC opened a multiplex in central Paris, MK2 Beaubourg put on a complementary programme of films to combat this competition, concentrating on classics of film. Paris really offers scope for this diversification.

Gianluca Farinelli (Director of the Bologna Cineteca / Cinema and Film Archive):

A new complex with five screens is to be inaugurated in Milan. This cinema will have the Europa Cinemas label and will specialise in screening European productions. The new establishment will go against the grain of the commercial logic that inspires multiplexes and their structures to welcome viewers. This cinema's specialised programming could be the start of a scheme, which should be set up with Europa Cinemas, to make distributors across Europe more aware of the films produced on our continent. One interesting idea is to hold screenings of works from ten European countries for a week, with screenings attended by distributors. That would make it possible to devise an exhibition plan for small towns, where it is difficult to get European films screened. Financial support from the Italian state is already available to arthouse cinemas in towns with less than 15,000 inhabitants. 100 cinemas in 100 different municipalities have already been selected and must include 50 % European and Italian films in their programming.

The Bologna Cineteca's main concern is one shared by all exhibitors: how to acquire an audience and win their loyalty? In Italy one cannot take it for granted that a film archive will be able to organise the kind of activities that would attract film buffs. Italian viewers have little curiosity about cinematographic works from the past. The work in Bologna involves presenting attractive content with genuine cultural value, with an approach that is distinct from commercial cinema's propaganda methods. The Cineteca is so successful because it is always attentive to audience choices and considers the reasons why audiences have not responded to a particular film or why another was so warmly received despite not being particularly significant in historical terms.

The Cineteca receives support from the municipality of Bologna. It was set up in the seventies. The establishment is now active at both the national and the international level. Its archives contain 20,000 films, 250,000 posters and over a million photographs. The Film Archive's activities have always gone hand in hand with its film theatre. Its restoration work is aimed first and foremost at audiences. Last June the town council gave the Cineteca a new headquarters. It has two screens, one with 190 seats, and the other with 144. A third theatre is reserved exclusively for Italian cinema, both works from the past and contemporary films. The institution estimates it will attract 140,000 viewers during the ten months of the year that it is open. It organises open-air screenings in the summer, which attract 90,000 viewers over the thirty evenings of the season. 70 % of its programme is made up of European films.

Ivo Andrle (exhibitor):

To give you an idea of how many film fans are to be found amongst audiences in Prague, the independent cinema Kino Aero welcomes audiences of many different age groups that it has acquired as loyal viewers. This has worked so well that the programme can include works from various different genres, with quality being the only criterion for including a particular film. This audience goes to the cinema to see artistic successes irrespective of a film's country of origin, period or genre.

Roman Gutek (distributor):

Gutek Films is a Polish distribution company, which was founded in 1994. It releases 15 to 20 films every year. It also has two theatres in Warsaw. One of these, Muranov, is affiliated to the Europa Cinemas network. The company organises festivals aimed at young people with specialised

programming. The most important event is held at Chéchine near the Czech border and attracts 6,000 viewers.
The Muranov cinema does real pedagogical work in conjunction with schools, from nurseries to secondary schools. The programme's priority is works that form part of Polish film heritage, but there are still a whole host of problems in obtaining prints. Film studies classes are organised for teachers to help them develop the ideas further in class. However, the cinema is still waiting for support from the government, which coordinates and funds this educational programme.

Claude-Eric Poiroux:
As the previous speakers from the new European Union countries have recalled, film theatres are still the most important place in which to experience the seventh art. The focal point for cinema has not shifted to television, as was feared twenty years ago. While DVD and other digital means of accessing films are going to reconfigure the cinematographic landscape, the film theatre will stay one jump. It will keep its unique role of contact with audiences, by being a place where discussions are flourish and strangers can exchange opinions. We should cultivate this.
On the other hand, film world news has an enormous impact. You only have to open a newspaper to realise that information on releases has a very significant position, alongside the traditional columns on politics or business. There are still grounds to be optimistic as to the future for exhibitors. The cinema Les 400 Coups in Angers was set up twenty-five years ago. The programme included only films in the original version and was aimed at university students. The films screened there were a complement to the programme showing in the other networks represented in the city. The same phenomenon has been observed in Madrid, in Barcelona and in Italy. Schools and teachers very quickly developed programmes to slot into this new type of programming. Maintaining this cultural diversity is one way of ensuring somewhat more stability for exhibitors and for all the other sectors of the film industry.
Young audiences are looking for something different. We see a very pronounced rate of erosion in admissions to blockbusters nowadays, starting from the second week of exhibition. The five theatres in Les 400 Coups in Angers recorded a total of 25,000 admissions just for extra screenings. That amounts to 12 % of this cinema's annual audience figures and conveys an idea of how interested audiences are in ever greater diversity.
In parallel to this, the Premiers Plans Festival of new European works attracts an audience of 55,000 in Angers, with 25,000 filmgoers under twenty. This audience is attracted by festival presentations by directors, just as they are drawn to the extras that come with DVDs. This new medium has in fact shown that exhibitors in arthouse cinemas were right to devise programmes with a teaching slant. DVDs reinforce and extend this work.

Jean Labé (President of the National Federation of French Cinemas):
While there is no doubt about the specific character and role of film theatres, we should nonetheless

be concerned by recent figures on the ageing of the French population, which will in turn have an impact on cinema-going. For example the 14-24 age group in the demographic pyramid has shrunk by 1 %. This has caused a 10% drop in admissions for that generation. However, the category of older people over fifty has expanded considerably. This is however at the cost of young audiences, which is relevant for everyone's future. It is essential that this generation gets the cinema-going habit, as otherwise they will not have this reflex when they are older. In this context we need to consider a new organisational format for Cinedays, which has not been very convincing so far and is under-funded. One might also say that stocks are starting to wear thin when it comes to films broadcast on television. In 2002, there were 50,000 screenings of films on television, but only 9,000 different titles were shown. It will not be that easy to renew the global stock of films.

Stephan Hutter (distributor for Prokino Filmverleih):

It is very difficult in Germany to educate young people about the cinema. A teacher cannot take a class to the cinema without notifying the *Land* authorities six to eight months in advance. An association of distributors and exhibitors has set up a programme called Lernort Kino. It offers screenings for young audiences of important works from cinema history and current films, with reduced prices to encourage school visits. This initiative has been fairly successful over the past two years. However, in the light of the recession it is not clear how the *Länder* will be able to finance this kind of teaching programme.

Kirsten Dalgaard (distributor and exhibitor):

In Denmark promotional schemes for the cinema focus on audiences over forty. Clubs have been set up for this generation to meet audience expectations. They benefit from preferential prices and loyalty cards. A committee of distributors and exhibitors meets to put together the programme, drawing on each participant's experience and the statistics they provide. Only new films are screened.

Saturday 29 November 2003

SESSION III - WORKSHOPS

WORKSHOP 1 : DISTRIBUTORS AND EXHIBITORS : EAST MEETS WEST

• Update on the distribution and exhibition sectors in the enlargement countries.
• Campaigns and investments for the release of the same films? The role of distributors and exhibitors.
• East-West cooperation: moving towards a common strategy for the release of European films?
• Networking of distributors and exhibitors at bilateral, European and Mediterranean level.

Concucted by Patrick Frater, *International Editor, Screen International, UK*

Speakers :

André Lange, *Expert, European Audiovisual Observatory*
Jean-Paul Commin, *President, France Télévisions Distribution, France*
Monika Weibel, *Distributor, Frénétic Films, Switzerland*
Eliska Fuchsova, *Distributor, Artcam-Sirena Films, Czech Republic*
Claudia Bedogni, *Distributor, Lady Films, Italy*
Kirsten Dalgaard, *Distributor, Exhibitor, Camera Films, Danmark*
Roman Gutek, *Distributor, Exhibitor, Gutek Films, Poland*
Olivier Masclet, *Distributor, Films du Losange, France*
Ivan Hronec, *Director, SPI International, Slovakia*
Gabor Csurdi, *Distributor, Budapest Films, Hungary*
Lilia Charfi, *Exhibitor, Distributor, Amilcar Hanibal, Tunisia*
Antoine Virenque, *General Secretary, FIAD*

Patrick Frater (chief editor of Screen International):

This workshop will draw up an inventory of the situation for distribution and exhibition in Europe. The speakers will describe the situation in their own country.

Olivier Masclet (distributor, Les Films du Losange):

With the appearance of multiplexes and the introduction of loyalty cards, French distributors have to provide more prints of the same film. Some release plans for the whole country envisage 900 prints. A film needs to be screened in as many theatres as possible. That is of the essence in terms of how a European film will perform in theatres. There is a great deal of demand from all networks and independent exhibitors. For example, *Dogville*, which was selected for Cannes, was released during the Festival. There was enormous interest in Lars von Trier's new work. 600 prints could have been planned. However, it proved to be very expensive to produce the prints because the film was three hours long. The various exhibitors had to be persuaded to accept that the film would be released with only 200 prints. It was not possible to make the film available everywhere in France, but this approach did mean the distributor could avoid running a serious financial risk. The number of releases in France is growing constantly, with more than ten new films coming out every week. A film's average erosion in admissions is 50 % in the second week. The longest run for a film is three months, generating 60,000 admissions. Many European films do not achieve these kinds of figures and are taken out of theatres after the first week of exhibition. Producing a large number of prints does not guarantee that the film will remain in theatres for a long time.

Two networks within the French exhibition system use cards offering unlimited access: MK2 in association with Europalace and UGC. It is hard to obtain their statistical results. This card has made it possible to introduce films in the original language versions into multiplexes. However, that does not mean that films stay on the screens for longer. Exhibitors do not hesitate to take a film off their screens if it does not attract audiences in theatres in a particular town. That means the film is no longer shown in that town. Distributors therefore have to obtain guarantees from exhibitors that a film will be screened for a particular period regardless of how it performs at the box-office.

Claudia Bedogni (distributor, Lady Films):

The situation in Italy is worse than in France. Exhibitors are only interested in a film's commercial potential. Italian films account for a third of all works shown in the country, but it is becoming increasingly difficult to find an ideal release date for these films. The film has to be turned into an event for the exhibitor. *Good Bye Lenin!*, which was at first completely unknown, was released with 12 prints, but ultimately a further 60 prints were put into circulation. The number of Italian distributors keeps on growing, whilst the exhibition market is shrinking. As in France, more than ten films are released every week, despite falling audience figures. At present there are 3,000 screens in Italy and more multiplexes are to open soon. Italian audiences are attracted to films that stir up discussion and debate. A well-orchestrated communication strategy for a film has become essential to ensure it performs well in theatres.

Monika Weibel (distributor, Frénétic Films):

There are many similarities between the situation for exhibition in Switzerland and that in France and Italy. Switzerland is nonetheless somewhat different due to its specific linguistic situation. The country is divided into three language zones: French-speaking, German-speaking and Italian-speaking. A film is not released simultaneously in the three linguistic regions. The first linguistic area it is released in serves as a testing ground prior to the release plan being restructured, if necessary, for the other two regions. Sometimes advertising campaigns from other countries in the language of one of the three Swiss regions are used and adapted to Swiss audiences. Audience figures are stable, with the exception of 2003, where lower figures were most likely due to an especially warm summer.

Kirsten Dalgaard (distributor and exhibitor, Camera Films):

Audience numbers in Denmark are doing well. There was 0.2 % growth in 2003. Copenhagen is the only university town in the country. The capital does not have enough screens, whilst provincial towns have too many. Competition between the Nordisk Films network's monopolistic position and the other cinemas tends to be rather destructive there. Nordisk Films represents 70 % of the exhibition market in Copenhagen. It is very much in the interest of the other networks to achieve a more balanced situation in other towns. Of course, it is difficult to attract audiences to films d'auteur. For example, a demanding film will be released with three prints, whilst 123 prints of *Lord of the Rings* will be made available for 240 screens throughout the country. The power struggle between these two types of film is becoming so extreme that the most artistic types of film are beginning to vanish and are being replaced by high-quality productions for a broader audience, underpinned by striking content that provokes discussion, such as *The Pianist, City of God*. These films attract audiences as their international reputation gives them a certain degree of prestige. This added value can also derive from promotion campaigns arranged by the distributor. It is always possible to take a work that *a priori* would only interest a small group of viewers and turn it into an event. It all depends on your target audience.

Patrick Frater:

How do you as distributors persuade an exhibitor to take your film rather than a film distributed by one of your competitors?

Olivier Masclet:

Our marketing is done in conjunction with the exhibitor, who sees the film before everyone else. The exhibitor becomes a partner in the release process. France is fortunate enough to have a very diversified exhibition network. The initial reactions of various exhibitors at private screenings make it possible to gather opinions and get an idea of how to structure the upcoming release. If a film has been selected for one of the major international festivals it is also generally easier to convince exhibitors. This is very important for works not produced in the West. It is rare to have to refuse prints to theatres, as was the case for *Dogville*.

Professional meetings for distributors and exhibitors like those in Italy are also organised in France. Several trailers and forthcoming productions are presented to theatre owners at the annual exhibitors congress. The other important meeting-point for upstream negotiations is still the Cannes Festival and the film market there.

A great deal remains to be done to develop a system to coordinate releases across Europe. To an extent France, Belgium and French-speaking Switzerland share some of the organisational work for releases of French productions. These three countries often use the same posters and trailers, with the film being released first in France and subsequently in Belgium and Switzerland.

Jean-Paul Commin (President of France Télévision Distribution):

Experience with international film sales reveals that the release dates for a film in various European countries must be brought closer together. That is becoming essential as media exploitation chronology becomes increasingly complex. Simultaneous releases however are not a panacea either. This is to no avail for a film d'auteur. The Americans use this device for blockbusters to counteract piracy and rake in maximum revenue as rapidly as possible. The domestic box-office results for a film in its country of origin give importers an idea of a film's commercial potential. These results provide an initial basis for discussions with importers. However there are very many unknown factors that can affect this potential. *Dogville* did not do nearly as well commercially as exhibitors had expected, whilst the opposite phenomenon occurred for *To Be and to Have*; no-one had any particular expectations about the film, yet it was very successful thanks to word-of-mouth propaganda, which even worked internationally. Here the marketing strategy involved taking time and observing audience figures from various French-speaking countries in order to adjust the promotion campaign for other European distributors. Nicolas Philibert's film was thus also successful in Germany.

International trade in French films is in decline, despite Unifrance's efforts to support exports in this sector. Demand has slumped as a result of the economic crisis affecting certain European countries including Germany. There are also an excessive number of French productions, which cannot be absorbed entirely by European markets, although Central and Eastern Europe have become a dynamic import market. We must keep a clear head and realise that there is not a European audience for every film.

André Lange (expert for the European Audiovisual Observatory):

2002 saw the following audience numbers in the new European Union countries: 26 million in Poland, 13.6 million in Hungary and more or less the same for the Czech Republic. The same year also saw strong growth in Slovenia (+13 %) and Estonia (+20 %). Films from these countries were very successful in their domestic markets. The number of visits to the cinema per inhabitant in these countries is generally lower than the European Union average (2.48 visits per person). In 2002 the market share of non-national European films in Europe was 10 %, whilst national films attained 18 % market share in their own markets. Competition is between national films and American productions. The latter have a market share of roughly 80 % in Hungary, Poland and the Czech Republic. Fairly similar figures apply for percentage market share of distributors in Eastern Europe. The most important distributors concentrate on American films. Many of the distributors in this category are also exhibitors and both build multiplexes and run their programmes in the new European Union countries. This type of cinema now accounts for over 40 % of annual admissions.

Whilst audience numbers in the European Union do not appear to be improving, films produced in Central Europe seem to have no market share outside their domestic markets. People elsewhere in Europe simply do not see these films.

Roman Gutek:

Here are some more detailed figures on the current situation for exhibition in Poland. The country has 33 multiplexes, which account for 66 % of the film theatre market. In 2003, admissions dropped by 11 %. The heat wave was one factor that caused lower audience numbers, as was also the case in Switzerland. European films in Poland perform roughly as well as they do in neighbouring countries.

It is hard for Polish distributors to push European works, as there is a sort of coalition between some distribution companies and multiplexes. American films take priority on this circuit. Some type of regulation should be introduced for multiplexes, which do not hesitate to block prints.

Gabor Csurdi (distributor, Budapest Films):

Distributors encounter the same difficulties in Hungary as the Intercom distribution company, which is also an exhibitor, has a monopoly. It controls 60 % of the distribution market. There are 26 multiplexes in Hungary, which have 80 % of the market in their grip. These new establishments have diversified to include national and European works in the programme in an attempt to curb the unfettered competition that has already caused a fair number of traditional cinemas in Budapest to close.

Ivan Hronec (distributor, SPI International):

SPI is the most important distribution company in Slovakia. It was set up to establish a cooperative link between producers and exhibitors and functions as a distribution network throughout Central Europe. The company's first sphere of activity was sales of television programmes in the Nineties. As competition became tougher, SPI had to diversify and moved into distribution for theatrical exhibition. This involved drawing up statutes and organising financing to acquire rights to foreign films. The network has been extended, with branches opening in Poland, Hungary and the Czech Republic. SPI attains a market share of 5 to 10 % in these countries. It distributes films produced by Miramax, Studiocanal, Europa Corp. These may be either European or American films. When it comes to exhibition, the company works with both the multiplex networks and small independent theatres.

SPI is currently stabilising its long-term strategy. It purchases a large number of titles for the whole of Central Europe. It now aims to work in Eastern Europe as a counterweight to Russian market share, which will of necessity be around 50 % in the future. Due to its enormous national potential Russia is strong enough to negotiate with foreign producers and acquire distribution rights for certain countries in Eastern Europe at the same time.

SPI, which already purchases rights for theatres and television, is now moving into DVD distribution. This is another form of partnership that has become necessary for its network. It is also developing some local productions, particularly in Poland, where it has already financed six feature films.

Patrick Frater:

In these presentations it seems that the problems relating to marked concentrations in market share experienced in Eastern Europe are indicators that the market is unstable and immature. That is very worrying for countries that need strong social and economic growth.

Ivan Hronec:

This immaturity is due to specific circumstances. It arises because these Eastern European countries bring up the rear in the European economy. They are forced to respond in a hurry in order to be

credible as counterparts in negotiations with the West. For example, 17 multiplexes were built in the Czech Republic over just two years, whilst in France this process took around a decade.
The degree of market control SPI has acquired does not blind it to the facts. As SPI purchases a lot of titles, it realises that an artistic film's modest commercial potential means it cannot hope to do too well in amongst the midst of more mainstream films. In such cases the company suggests that another company with particularly good links to arthouse cinemas should distribute the film.

Ian Christie (Vice-President of Europa Cinemas):

The situation in Great Britain is similar to that described by Ivan Hronec with reference to Eastern Europe. Touring festivals, like those organised by SPI, are used to show British films all over the country. British films no longer have access to the major networks due to the predominance of American productions. However the good box-office results achieved by some British films should help Hollywood appreciate that these films could also guarantee reliable audiences in the theatres it controls.

Antoine Virenque (Secretary-General of the International Federation of Associations of Film Distributors):

In my presentation I'd like to draw up a list of the points that need to be harmonised in business and legal terms to foster European distribution of films.
Joint rules on the import of films must be established. This encompasses customs duties, the length of customs formalities, how long a print or an internegative is held at the border and the exhibition quotas imposed on films from certain countries.
The professions of distributor and exhibitor should be exercised within a more clearly defined framework, with a professional card granted to authorise those working in these professions. The timeframe for setting up this type of company could also be stipulated, along with tax and accounting rules. Negotiations will deal primarily with the choice of VAT rate for all services of relevance for distributors and exhibitors. Various local taxes should also be catalogued, with a view to possibly boiling these down to a single tax.
This brings us on to the issue of amortization periods, and specifically the minimum guarantee a distributor gives a producer. The French system is fairly rapid in this respect and could be taken as an example.
I would like to see contractual documents being deposited with a public register in order to corroborate that the documents are genuine.
European harmonisation is essential when it comes to censorship. Classifications vary far too much from country to country and there has never been regulation on how to proceed if scenes are cut. As a consequence, of course, agreements would have to be concluded on registration of copyright for prints. Methods to combat piracy and various legal responses to this problem also need to be found.

A release calendar could be published well in advance of actual releases. In France the Federation of Distributors publishes a calendar of this kind for the forthcoming eighteen months. This is very practical for programmers. A calendar of media exploitation chronology would also be welcome, along with a list of the various different forms of public support for production, distribution and exhibition.
It is important to make it easier to communicate increases in revenues and how these are broken down, as well as to appoint mediators or have recourse to common law courts to settle disputes between the various parties to a contract. Reliable information on box-office figures is of course crucial in appraising revenue sectors.
Shared rules must be enacted for distribution and production agreements to cover both cinema and television.
The precise details of all these points need to be discussed and presented to the various European Ministers of Culture, who will be drawing up the future MEDIA Plus programme.

Lilia Charfi (distributor and exhibitor):

The situation in North Africa is not particularly enviable. Morocco has made more progress than Algeria and Tunisia. Morocco invests a great deal in the film industry and has just opened a 14-theatre multiplex. Algeria's economic and political difficulties unsettle investors, whilst film theatres in Tunisia have emptied entirely. The situation may change, thanks partly to current support from Europa Cinemas, which has set up a North African coordination scheme. It involves industry professionals from Algeria, Tunisia and Morocco and is based on joint purchases of foreign films at advantageous prices. It also facilitates promotion of European works by arranging meetings between directors and local audiences. Claude Miller was present to promote *La Petite Lili* as part of this scheme. The aim is to be able to organise releases in North Africa at the same time as in Paris. At present the difficulty lies not in obtaining films but in attracting audiences to theatres. Unifrance and the CNC make a great effort to send us free prints. With the exception of the French, the sales prices of other international companies are too high for North Africa. However, the public sector in various North African states could also participate in funding these cultural imports.
The situation in Algeria is not really desperate. There used to be 300 cinemas in the country and funds for these are to be made available once again. Renovating theatres has become a priority measure for the Algerian state. Attracting audiences to theatres is the only way to stem piracy, which is a real plague in these three countries.

Monika Weibel:

Indie Circle is a distribution company that brings together several European distributors. It was set up out of a desire to create an international consortium of film sales companies, distributors and producers. The film sales companies have left the group: the distributors and producers are still there. The members share fairly similar tastes in artistic films and programming. In the future the company would like to be involved in co-productions. There are five firms in Indie Circle. Like SPI, the group would like to influence moves to harmonisation of commercial rules in Europe. Indie Circle distributes five films jointly every year, whilst the member distributors each distribute an average of twenty films in their territories. Co-distributing a film across Europe means that the partners have more clout with international film sales companies and producers. It also improves efficiency through coordinating releases and lowering marketing costs. Indie Circle delegates the distribution of works purchased to the five member firms. That means that each of the five members becomes a sub-distributor in its own territory.

The films are selected on the basis of a unanimous decision, with waiver clauses if a production does not have undivided support. This is a means of ensuring that works that deserve to be exhibited are not penalised, whilst also guaranteeing that acquisitions move ahead.

The acquisitions budget is divided into three equal parts films to spread the financial risk more evenly. One third of films bought are category A films, reputed to perform well. A further third are productions that have particularly good relations with the distributors. The last third of the budget can be used as the members see fit.

Patrick Frater:

Is it possible that Indie Circle might get together with other European partners and thus acquire further territories?

Ivan Rhonec:

That could be envisaged for films suited to arthouse cinemas, because this type of exhibition is primarily based on cooperation. However, commercial cooperation with major international production and distribution companies and with European purchasing platforms is so harsh that Indie Circle cannot be envisaged as a pan-European model for the films that make up the bulk of the market.

Henk Camping (exhibitor):

The Netherlands has set up a structure called Euro Docu Zone as a major consortium initiative. It brings together distributors and exhibitors to develop and commercialise documentaries. In 2004 eight further countries will join this undertaking. The Dutch film fund has invested a great deal in documentaries but audience numbers have always remained low. Digital technology has made it possible to distribute documentaries more cheaply, which will contribute to developing the genre and acquiring audiences. Euro Docu Zone has helped European exhibitors to become equipped with digital projectors, which screen films from DVDs. This reduces distribution and exhibition costs for works that do not immediately pull in audiences.

WORKSHOP 2 : DIGITAL TECHNOLOGY IN FILM THEATRES: A CHALLENGE FOR EUROPEAN FILMS?

• Update on national and European pilot projects.
• What type of programmes can be shown in film theatres? The cost-effectiveness of investments.
• Can digital technology make a significant and lasting contribution to the circulation of films?
• What role can public authorities play to accelerate the changeover to digital?

Conducted by Jonathan Davis, *European Affairs Advisor, UK Film Council*

Speakers :

Steve Perrin, *UK Film Council, UK*
Bertrand Moullier, *General Secretary, FIAPF*
Wolf Siegert, *Director of Digital Cinema, IRIS MEDIA, Germany*
Alain Rémond, *General Director, Barco, Belgium*
VJ Maury, *Exhibitor, Palace Cinemas, Central Europe*
Costas Daskalakis, *Assistant Director, MEDIA Plus Programme*
Nico Simon*, Exhibitor, Utopolis, Luxembourg*
Romaine Legargeant, *General Director, ADN, France*
Dave Spilde et Chris Olsson-Hagan, *Directors, Unique Promotion AS, Norway*
Pierre-William Glenn, *Director of photography, President of CST, France*

Alain Rémond (Chief Executive Officer, Barco) :

George Lucas pioneered digital projections with *Star Wars: Episode 1-The Phantom Menace* in 1999. People believed at the time that this technology would develop very rapidly. These predictions were over-hasty.

Nowadays digital cinema offers the same quality as 35 mm projection. It is structured around a technology called DLP Cinema. To date I Cinema has been used, a system for projecting videos, designed with an emphasis on content-focussed material (clips, broadcasts of events…), not on films. It works with LCD technology. Now, using D Cinema, derived from DLP Cinema, films can be projected in theatres with a high-resolution master of a 35 mm print as the source or directly from a high-resolution video.

DLP technology is centred around a chip the size of a 10 cent coin. This contains numerous movable micro-mirrors, which reflect the light, focussing it either on the screen or the lamp or, to create black, on the light-trap. These oscillations make it possible to obtain a spectrum of several billion colours and a running speed of 24 frames per second like a standard film projector.

NEC, Christie and Barco are the three main manufacturers of DLP Cinema projectors. Four patented inventions give these devices highly specific characteristics: Cineblack provides improved blacks with better contrast; CinePalette creates colour reproduction very close to that offered by film, even if the infinite chromatic range of film cannot be outdone; Cinecanvas allows graphics or text to be inserted into the image screened, for example sub-titles in a selected language can be added live during a screening. The last special feature is Cinelink, which protects against piracy while the projectors are connected to the central server in a multiplex. This server of course stores different films and programmes. There is not yet an agreement on a global standard for digital files. In the future, theatres are likely to receive films directly by satellite. 207 screens around the globe now have digital projectors. The technology is most widespread in Singapore, where it is installed in around twenty theatres.

Audiences consider the quality of digital projection to be as good as 35 mm. They feel it is better than 35mm in films with computer-generated images, such as *Finding Nemo*.
An up-to-the-minute 2K digital projector for a screen with a 25 metre base costs 130,000 euros.

Pierre-William Glenn (Director of Photography, President of the CST) :
The High-Level Technical Committee is a public service that deals with maintenance and technical quality in French cinemas. It is also in charge of all screenings at the Cannes Festival, which are the best in the world in technical terms.
The digital projection of *Modern Times* at the last Cannes Festival showed that the restored digital copy was in every respect better than the original. On the question of whether the quality matches that of 35 mm, it now appears that the most recent 4K high-resolution generation of cameras offers better resolution and scope to enlarge the image than 35 mm film. These cameras can also be fitted with standard lenses. These most recent high resolution cameras are a boon for productions, as it means they can stay in the digital production chain and are not forced to transfer the film to 35 mm, as the drop in image quality in this final step before traditional projection is unavoidable.
The authorities always wish to control a new technology utilised on a massive scale, and establish monopolies. At present a digital standard is still to be defined. It is important for Europe to develop a technical framework independent of the Americans. Europe's programming freedom and the economic basis of its cinema are at stake. For the time being, European manufacturers of digital equipment have certainly not been lagging behind. They need to safeguard their competitive edge.

Bertrand Moullier (Managing Director of FIAPF) :
Hollywood's position concerning digital projections is fairly paranoid. Although it was American studios that launched this technology, they are proving slow to introduce it across the board and have limited themselves to drawing up a list of recommendations. Their main concern for the time being is to manage to retrofit their enormous number of theatres with digital equipment for a price that is not prohibitive. After having initially wasted time, they wish to take control of the new generation of 4K projectors. However, this has proved to call for considerable investment. They have thus plumped instead for a halfway solution using current equipment with scope to upgrade this in the future.
One thing can be said with certainty about digital projection round the globe by satellite: it is not going to be happening in the near future.

Jonathan Davis (European Affairs Advisor, UK Film Council) :
We should not view this technology, which can project films simultaneously in various locations around the globe, as a Trojan horse for the Americans in Europe. They do not have a doctrinarian desire to control European distribution.

Costas Daskalakis :

One of the MEDIA Plus programme's priority projects is based on digitalising content. The other scheme the programme is working on involves fitting out 175 cinemas in various countries with digital projectors. These specific projects are currently affected by the uncertainties afflicting the MEDIA Plus plan, as the financial parameters have not yet been defined. The fate of the programme after 2006 is not clear. In the meantime it's up to industry professionals to put forward the ways in which they are using this new technology. For example, would they like to speed up the digital distribution process?
Romaine Legargeant (Chief Executive Officer, ADN):

The ADN is a European organisation in charge of devising an exhibition network with digital projections via satellite. The technology for this type of transmission is already installed in UCI theatres. Around sixty European theatres are to be fitted with the appropriate equipment over a three-year period. This technical input is flanked by arthouse programming, designed to be not too elitist and coordinated with Eurimages, to allow cinemas to balance their budgets. Roughly twenty exhibitors in the Europa Cinemas network are to receive this technical support. The Balzac in Paris and the Millennium in Lisbon have already installed their new digital projector together with a satellite link thanks to ADN. 35,000 euros of funding was made available for the equipment in the Balzac, with the City of Paris providing the other half of the funding to make up the purchase price of the projector.

Wolf Siegert (Director, Cinéma Digital, IRIS MEDIA):

Film theatres retrofitted with new digital technologies will see their role extend to include events and will no longer be reserved solely for cinematographic exhibition. Satellites will enable an interactive approach to a programme screened in the theatre, with microphones in the room so that the audience can respond live. In the festival context, a European platform could be created to centralise the various programmes and film content. These could be broadcast at various events. This could significantly facilitate logistics at short film festivals, such as Clermont-Ferrand and Oberhausen.

Dave Spilde (Director of Unique Promotion AS):

Unique Promotion AS is a software development company. It works in association with a company that broadcasts adverts, Clear Channel. This offers theatres digital adverts, which can significantly cut costs by doing away with 35 mm prints. Most of the cinemas in Norway have purchased this service, but the advertising market has suffered a fairly serious structural slump since 2002.

Bernard Collard (EVS):

Digitalisation of prints has been developed in Sweden to avoid problems with the prints deteriorating and to save time on transport. This service really pays off in large countries with difficult climates. For the time being, the various cinemas receive the digital copies through a cable connection. In the future, of course, satellite will be used.

Steve Perrin (UK Film Council):

The British approach to digital networks involves using them for specific programming goals, not just to keep up with a technological trend. Digital screenings can foster distribution and exhibition of specialised works with a different profile from blockbusters, so that they are screened in multiplexes and other establishments, making a more diverse range of films available. Digital prints will cost less than 35 mm prints, and can be exhibited for longer. The UK Film Council has decided to help British theatres by fitting them out with 2K digital projectors, which are high-quality and will help to maintain filmmakers' trust in distributors and exhibitors. Directors have already been asked to increase the degree of formatting of their productions, as the Americans have done. 50 cinemas will have digital equipment in 2004, and the UK Film Council will draft suitable contracts to handle this investment with a consortium. The approach is very pragmatic and will not go against the market, but will instead complement public sector aid to cinemas.

Richard Kalovitch (Technical Director, Electronic and Digital Association of Slovakia):

In 1985, there were 1,400 cinemas in Slovakia, and 220 films were distributed, only 20 of which were American productions. Audience figures of 25 million viewers were achieved. Nowadays only 250 cinemas remain, with 200 films being distributed, 150 of which are American. Audience figures have dropped to 3.1 million admissions a year. With a view to turning around this trend, over three years a network of 500 theatres with 50 seats is planned, complete with 1.3K digital projectors. These cinemas could receive films by satellite and offer simultaneous screenings. The scheme aims to present programmes with a focus on European films. Ticket prices would be attractive, at around one euro. Advertising would serve to top-up revenue. This is not aggressive price-cutting aimed at undermining competitors. It would offer an alternative to the situation facing exhibitors now, which could not be worse. These establishments would be managed like digital clubs, offering special events over and above traditional cinematographic exhibition.

VJ Maury (exhibitor, Palace Cinémas):

Digital theatres can indeed partly move away from a purely cinematographic role and show events such as concerts. It would even be possible to sell tickets for these screenings of events at much lower prices than for live concerts. No-one balks at screening DVDs.

Alain Rémond:

Listening to the last two presentations, it becomes clear that a serious problem is emerging. There is a two-speed development as we move into the digital age. Western Europe is installing the best projectors, whilst the equipment being fitted in Eastern Europe is of much poorer quality. It is essential that a standard technical agreement be adopted via Europa Cinemas, as otherwise the Americans will simply impose their standards and hence control the major European exhibition networks. We must uphold the idea of top-quality European cinematography across our continent in terms of both content and technology.

Bertrand Moullier:

This vision of two-speed evolution of the digital sector seems very alarmist and is perhaps overstated. We have seen that 16 mm was not restricted just to Europe, with the Americans being the only ones to use 35 mm.

Nico Simon (exhibitor, Utopolis):

In all these discussions of digital technology, one major concern remains that will not be resolved by the advent of this new technology: the quality of cinematographic production. Currently the digital world is perceived in terms of equipment, rather than as a technique that can serve artistic works. Communication is being immersed in an all-out digital sphere, although we do not know exactly what is at stake in this evolution. Do digital works have their own specific form of artistic expression? Is the content of such works worthy of the great cinematographic productions using 35 mm? It appears that we have put the cart before the horse. As it is now inevitable that digital technology will become soundly established, we must use a shared quality standard, even if that means starting out with low-cost equipment that provides satisfactory screening comfort. Subsequently this standard could be optimised.

Wolfgang Siegert:

The question of the content of digital works has been broached, but their reproducibility means their history is wiped out. As a copy is utterly identical to the original, the notion that these are unique objects vanishes. What will that entail for copyright?

Bernard Collard (EVS) :

The goal of the Europa Cinemas network is to maintain diversity in theatres to counteract American hegemony and their desire for unilateral control of the film industry. The battle waged by Europa Cinemas in the 35 mm era will intensify, given Hollywood's struggle to impose its digital standard on the world. Europe must promote massive production of digital works in Europe to respond to the American majors. That will help Europe to underscore the ongoing importance of its own cinematography, whilst continuing to welcome films from other continents.

WORKSHOP 3 : HOW TO "MODERNISE" THE IMAGE OF EUROPEAN FILMS?

- Film education: the role of exhibitors, national bodies and public authorities.
- How to draw Young Audiences towards European films? Strategies of the film industry.
- Consultation between exhibitors and distributors on audience loyalty initiatives.
- Internet : an information and communication tool.

Conducted by Ian Wall, *Director, Film Education, UK*

Speakers :

Gianluca Farinelli*, Director, Bologne Cinematheque, Italy*
Vincent Adatte, *Director, Lanterne Magique, Switzerland*
Kim Ludolf Koch, *Consultant, RMC Medium Consult, Germany*
Horst Walther, *Director, Institut für Film und Kultur, Germany*
Delphine Chaduteau*, National Coordination, Ecoles et Cinéma, France*
Martin Brandt-Pedersen, *Consultant, Children and Youth Film Dept., DFI, Denmark*
Didier Kiner, *European projects coordinator, Agence du Court Métrage, France*

Ian Wall (Director of Film Education):

This round table is motivated by something worrying we have noted in Britain. Distributors in Great Britain carried out a survey of one thousand teachers in the United Kingdom. The results showed that 68 % of the teachers who include film works in their classes are over 40. Only 11% of the thirty-something group fall into this category. What has made the need for cinematographic culture vanish in this young professional generation? How can this be remedied? Are things the same in other European countries?

Horst Walther (Director of the Institut für Film und Kultur):

In Germany each of the sixteen *Länder* is responsible for education. That is why there is no national programme to teach film. The various ministries are more interested in education programmes for new technologies and new media than for cinema. However, a national project has been running for three years now, Lernort Kino.This pedagogical programme, created by the Institut für Film und Kultur, targets young audiences. After having tested it out in six different *Länder*, the FFA, the federal body that provides financial support to films, asked for an estimate to be drawn up to participate in financing an extension of the programme. The idea is to attract 5 % of the 12.5 million school-pupils in Germany. That amounts to 630,000 admissions during school hours. Lernort Kino has to coordinate its programme with cinemas, schools and political institutions. The programme costs approximately 5.6 million euros a year, bearing in mind that it implies teachers receiving some training in film studies. Pupils can participate in the scheme for the modest sum of 2 euros.

Kim Ludolf Koch (consultant, RMC Medium Consult):

This teaching programme places cinema on an equal footing with literature. It selects a number of recent European and German films that tackle topics also addressed in other school subjects. Cooperation with distributors is absolutely essential to obtain full information about the content of their new films.

Didier Kiner (Head of European Projects for the Agence du Court Métrage/ Short Films Agency):

The Short Films Agency is responsible for ensuring that short films are screened in French cinemas. It is also a resource centre for education about the moving image. This teaching vocation is expressed in concrete terms in a broad range of publications and cultural events. The Agency publishes a European guide of 21 bodies in 14 different countries across Europe providing support to screen short films. European exhibitors are the target audience for the manual, which provides them with all the information they need to include short films in the programme in their theatres.

The Agency is organised to provide pedagogical tools for teaching professional and the general public, but it does not seek to devise and provide support to a teaching programme for school-pupils. The Agency merely provides the subject matter. It leaves it up to educational institutions to do the actual teaching in conjunction with film theatres. The association's activities are part of the « Schools and Cinemas » programme. Anyone who would like to work with its services could put together a programme made up of some of the 10,000 films in its archives. The Agency also proposes selections, which it releases on video and DVD, complete with teachers' and pupils' notes. This type of publication offers an analytical and critical approach and is distributed in schools. The DVD allows the Agency to provide extras with the films, such as comments and analyses from directors. These VHS and DVD are not subject to copyright, so they can be shown freely. The Agency pays a fee to the producers to compensate for this. The Centre National de la Cinématographie gives the association a great deal of financial and moral support.

Delphine Chaduteau (National coordination, Écoles et cinemas/Schools and Cinemas):

« Schools and cinemas » is an initiative to provide teaching about the moving image, which developed out of the national association « Children of Cinema », set up in the early Nineties. It is aimed at children between 5 and 11. It is important to offer children of this age an alternative to the images seen on television, which tends to constrain their imaginary world too much. This scheme runs in 84 French departments with the involvement of the national public education system and the Centre National de la Cinématographie. 400,000 children take part in the scheme, which last year amounted to over one million admissions. The children are given postcards as a souvenir of the film they have seen when they leave the screenings. A work on cinema and notes published in conjunction with the Short Films Agency are also made available for them. The programme presents classic European works. New prints of these works are shown, in the original language version with subtitles for older children. Films are also selected at festivals. The real difficulty lies in obtaining films for which the distribution rights have not already been exhausted. Many productions we would like to show are no longer accessible. In this spirit it would be very profitable to organise screenings of older European works at festivals in the presence of various distributors. « Schools and Cinema » should be spread and shared across Europe and in the future construct a shared programme and catalogue of films.

Gianluca Farinelli:

The comments by the previous speakers are very reassuring. They have made clear that what we need to do is breathe life into the seventh art, not modernise it at all cost. There is no need to « modernise » the great classics. We must simply ensure they are screened to as large an audience as possible.

In Italy education about film is in dire straits. No state initiative exists to support this type of teaching, as is the case in France and Germany. At the local level various regional or municipal bodies have small-scale programmes. The Cineteca in Bologna has just signed a partnership agreement with the literature department of Bologna University. Its film programme will count as a fully-fledged university course credit.

Monique Barbaroux (Centre National de la Cinématographie):

En 2003, the CNC devoted 8 million euros to education about the moving image and demonstrated its interest in this cultural sphere. Its policy of becoming actively involved is expressed in three types of partnership: with schools and their district council for children between 6 and 12; lower secondary schools and their department for the 11-16 age group, and finally upper secondary schools for the 16-20 age range, with the regions holding responsibility.

The CNC finances the production of prints for these various programmes. It takes part in programming with directors, exhibitors, critics, teachers and mediators. The scheme involves around one hundred films for the three age groups of school-pupils. The selection does not take national quotas into account. It applies artistic criteria. Animated films are targeted primarily at primary school pupils; it is difficult to find European productions for this age group.

The CNC's priority is to allow a young audience to discover a film in the cinema. It is distrustful of low-cost initiatives that tend to just provide a DVD and to show a work in a classroom for the first time. The viewers contribute to support fund revenue. The teaching programme helps to reinforce the scheme, by compelling rights holders to save and reinvest in film-making. Pupils account for 4 million ticket sales. The project involves 90 departments and 16 regions.

The CNC also offers distribution support for what are known as « young audiences » films. 13 of the 49 films subsidised in 1999 were European, without counting French productions. Asian and African cinematography is also supported along these lines.

Festivals are a good source of partnerships between the CNC and regions for the programme on education about the moving image. We are closely involved with Clermont-Ferrand for short films and Lussas for documentaries.

We need to develop a major new thrust in our work to make sure that this scheme draws increasingly on Europe's film heritage. The various cinematographic institutions in Europe need to take more closely concerted action to that end.

Vincent Adatte (Director of La Lanterne magique):

La Lanterne magique works like a cinema network with part of the programme aimed at children between 6 and 12. A membership card is on sale for 12 euros, which corresponds to a minimum of nine screenings. Information about the programme is mainly available in a paper distributed in schools. Almost 30,000 children have already joined La Lanterne magique. The programming is structured around thematic series linked to film history. 124 films are presented every year, with 52 % European films. The three languages spoken in Switzerland are represented in the selection. At each screening there are playful animated films, sometimes in a theatrical format, which tackle an aspect of film-making techniques. The children are also encouraged to draw the poster of the film they liked best. The concept of La Lanterne magique has already been exported to Ethiopia, and a cinema from the network is going to open in Tangier.

Ian Wall (Director of Film Education):

There are currently ten bodies involved in film education in Great Britain. They are organised within an agency set up under the aegis of the Department of Culture and Sport. One of the important initiatives that have been introduced involves giving students a chance to do the programming in regional theatres themselves. Most of the films were American productions. Private sector partners, such as Columbia Pictures, UCI and UGC, part-finance these teaching activities. 40% of schools contacted by the educational lobby send their pupils to the cinema. In parallel to its film education programme, the agency promotes the development of new digital technologies.

Monique Barbaroux (Centre National de la Cinématographie):

Listening to these presentations it is important to bear in mind that we should not blur the meaning of « education about the moving image ». We are not talking about turning cinema into another school subject. It must remain entertaining for young audiences and students. If children enjoy seeing the classics in the cinema, they will take their parents to the cinema too, thus passing on the education they have received about film.

Martin Brandt-Pedersen (consultant for Children and Youth Film Dept):

Danish schools are very much accustomed to using the Internet. This means of communication informs pupils about the 500 films in the Children and Youth Film Dept catalogue. Denmark has a long tradition of filmmaking aimed at children. 25 % of support to cinema is earmarked to distribute young audience films. Programmes to make people more aware of the seventh art are organised on a small scale with a modest budget.

Ian Wall:

The underlying question is still how to find new ways of attracting young audiences to cinemas. The Internet provides part of the answer. Doesn't one of Europa Cinemas' priorities involve targeting audiences and raising audience familiarity with the network much more consistently? Cinedays play this role and should be given a higher profile.

CONCLUSIONS FROM THE WORKSHOPS

Patrick Frater:

Three important points have emerged in considering the imminent accession of ten new Member 0States to the European Union and the situation facing film and cinema in each of these countries. The first is rather pessimistic, namely that non-national European films have a minute share of the market in these countries. The second relates to the question of the monopoly held by certain distributors in Eastern Europe, which could put the brakes on introducing a more diverse range of films. The last point highlights how useful it would be to draw up specifications for European distributors and exhibitors; Antoine Virenque drew up a list of the main issues here.

Jonathan Davis:

The round table on digital projection demonstrated that Europe must develop its own quality standard and not wait until the Americans impose their standard, and thus running the risk that they would control European distribution and exhibition. We also see an emerging trend towards a two-speed development in theatres, with Eastern Europe lagging behind its Western neighbours in qualitative terms. Things are also drifting off course for cinemas with digital equipment, which may become centres for broadcasting cultural events in general rather than being devoted specifically to film.

Ian Wall:

The discussion came to a sudden end, because European cinema does not need to be modernised. Our cinema needs more attention to be paid to it and has to win audiences through numerous teaching initiatives and high-quality programming. The onus is on audiences to go to European films rather than on European cinema to change to suit audiences.

Sunday 30 November 2003

SESSION IV. EUROPA CINEMAS: ENLARGEMENT, TIME SCHEDULE, PROSPECTS

• MEDIA Plus : enlargement to countries of Central and Eastern Europe. New Guidelines for Young Audiences.
• Africa Cinemas : launching of the programme.
• Euromed Audiovisual 2 : Boosting partnerships between Europe and the Mediterranean.
• Update on European and international upcoming issues.

Conducted by Claude-Eric Poiroux, *General Director, Europa Cinemas*

Speakers:

Claude Miller*, Director, President, Europa Cinemas, France*
Costas Daskalakis, *Deputy Director, MEDIA Plus Programme, European Commission*
Catherine Lecoq, *Expert, Euromed Audiovisual Programme*
Alain Modot, *Vice-President, Media Consulting Group, France*
Toussaint Tiendrebeogo, *Director, Africa Cinemas*
Menem Richa, *Euromed Audiovisual manager, Europa Cinemas*
Fatima Djoumer, *International Relations & Events, Europa Cinemas*
Catherine Colomb-Nancy, *Euromed Audiovisual, European commission*

Claude-Eric Poiroux:

Europa Cinemas has extended its network to 25 countries. Two others will join in the very near future. Its programme now encompasses Central and Eastern Europe and has been extended to the Mediterranean area. Agreements have been signed with Africa, in coordination with the European Commission and the MEDIA Plus programme. In 2004, this initiative will also be proposed to Latin America and Asia to foster the spread of European cinema there.

The breakdown between support for programming and actions aimed at young audiences has been changed for support to theatres in 2003. Support in the first category will drop from 80 % to 67 %, whilst the 20 % formerly available for the second category will increase to 33 %.

Fatima Djoumer:

This 33 % support linked to « young audiences » activities is broken down into three parts: one third is for programming European films, including the number of non-national films; another third is for pedagogical activities, organising festivals and other cultural events; the last third is earmarked for initiatives at regional, national and European level.

Alain Modot (Vice-president, Média Consulting Group) :

This presentation shows encouraging statistics for Europa Cinemas and MEDIA Plus, using cutting-edge computer tools. Germany, Spain, France and Italy apparently receive the bulk of support granted by Europa Cinemas. These countries represent the largest European film markets. It is thus logical that they should be the main beneficiaries. However, particular support should be made available to small countries. We should place more emphasis on joint initiatives and on devising advertising and media campaigns within the network. Europa Cinemas must receive more funding and be able to work within a longer time frame if it is to achieve all its objectives. The system is still doing outstandingly well. The low turnover generated by programming non-national European films is compensated for appropriately and measures aimed at young audiences are showing very good results.

Claude-Eric Poiroux:

The synergies that Europa Cinemas has managed to create for exhibition need to be developed for distribution of European films too. That is one of the key concerns of this joint programme: to bring together distributors from various European Union countries.

Costas Daskalakis:

MEDIA Plus has a difficult remit to fulfil, as culture and the audiovisual sector are not generally viewed as political priorities. The programme and its funding are to be maintained until 2006. A new era will begin for MEDIA Plus in 2007. A decision has been taken to stick to the current financial perspectives, despite the accession of new member states, until new needs up to 2006 have been evaluated. Preparatory work has already been initiated with the European Investment Bank and other financial institutions. The financial perspectives for 2007 are still unknown.

Claude-Eric Poiroux:

The "cultural exception" is Europe's great victory. It guarantees the autonomy of the audiovisual sector in each country in the European Union and allows the EU to devise joint financing for European culture. The accession of ten new members will turn political priorities on their head. MEDIA Plus needs an increased budget for the new Member States. Europa Cinemas' good results to date should be underscored and improved still further in order to convince those responsible for taking the political and financial decisions. Currently the network includes 38 % of non-national European films in its programming, although these works make up only 8 % of the exhibition market. We can also win over decision-makers by striving for greater visibility. Europa Cinemas must place more emphasis on making its activities widely known.

Claude Miller:

Experience shows that Europa Cinemas is viewed as a kind of reference marker in the international arena. Its remit is to share its programme and build bridges towards other continents that wish to develop cinematographic diversity. It is important to comprehend the new technological era that is emerging, rather than demonising digital technology. If we do not master this, the Americans will seize this opportunity to take control of European filmmaking.

Toussaint Tiendrebeogo (Director, Africa Cinémas):

Africa Cinémas' programme is managed by Europa Cinemas. The programme, which covers sub-Saharan Africa, aims to ensure cinematographic diversity and foster distribution of national productions. The organisation's funding comes from three bodies: the Intergovernmental Agency of

French Speaking Countries, the French Foreign Ministry and the European Commission, via the European fund for the development of African, Caribbean and Pacific states. Its annual budget is 1.5 million euros.
African cinema accounts for only 2% of market share in Africa. Africa Cinémas aims to coordinate circulation of African films. It offers support to promote films and to produce prints and trailers. Africa Cinémas helps African distribution and exhibition, as firms in these sectors have very limited resources. Distribution companies can receive funding to the tune of 70,000 euros. The programme also fosters synergies between television and cinema, as well as encouraging contacts between African distributors and exhibitors and their counterparts in international networks. Africa Cinémas uses the same system as Europa Cinemas and disburses support at the end of the year to theatres that have programmed a sufficient number of African films. Financial support is available to upgrade cinema equipments. Digital technologies are turning out to be a priority for renovations in African cinemas.

Claude-Eric Poiroux:
African cinema is in an alarming situation. The Africa Cinémas programme is scheduled to run for the next four years. Any support from European exhibitors and distributors would be welcome.

Toussaint Tiendrebeogo:
African exhibitors would like in particular to recycle second-hand material from their European counterparts. They would also like to send African trainees to European cinemas for internships to complete their professional training.

Claude-Eric Poiroux:
The first phase of the Euromed programme has just come to an end. Unfortunately the budget for the second phase has been reviewed and cut from 18 million euros to 15 million euros.

Catherine Colomb-Nancy :
Several uncertainties remain concerning the completion schedule for the various Euromed Audiovisual projects, and the prolongation of the programme. For now, the programme will continue as it stands until the end of the next year. But the guidelines for a new Euromed Audiovisual 2 project are now being drawn up in Brussels. They will be made public after being submitted for approval by the different states of the European Union, and will then be the subject of a call for propositions.

Catherine Lecoq :
This year I was given the responsibility of evaluating the Euromed Audiovisual programme, and so also the Europa Cinemas project, which seemed to me the most well-established and most fruitful in terms of contacts, both with the public and amongst professionals. Thanks to its experience in the

MEDIA programme, Europa Cinemas has succeeded in implementing guidelines which were then eased with time, in view of the geopolitical difficulties and conflicts in certain participating countries. The recognised competence and professionalism of the team and their expertise gained on the terrain have fostered inter-regional synergies. These have resulted in cooperation between Europe and the Mediterranean region, and coordination amongst Mediterranean professionals themselves. The work done by Europa Cinemas is indispensable in this very volatile region, which also harbours latent forces that can lead to large scale results. To conclude, what does the future hold for Europa Cinemas? This work cannot be stopped now, after investing so much in energy and financial resources. Discontinuing it could have disastrous repercussions, and seriously disconcert everyone who has recently become involved in the Mediterranean region, where the gains are fragile and structural evolutions very slow to take effect.
Hence my recommendation to develop this project which is wholly geared toward providing support for the Mediterranean partners, who benefit from the solid backing of a diversified and well-organised European cinema.

Menem Richa (Euromed Audiovisual) :
For four years, step by step, the work done by Europa Cinemas has helped bring together exhibitors and distributors, and create a network of professionals which is now established throughout the Mediterranean. Thanks to the Coordination Maghreb, we aim to facilitate the circulation of European and Mediterranean films across the entire region, by striving to break down the various material and cultural barriers which have hindered exchanges until now. Our work is both national and international. It must be continued, and consolidated.

Claude Miller:
By way of conclusion, let me note that the European Union is currently encountering difficulties in ensuring compliance with its stability pact. Some countries are expressing their discontent when others do not adhere to the rules that have been adopted. Europa Cinemas is in the fortunate position of always receiving compliments. It does not mistreat anyone. Europe must demonstrate its attachment to the programme, both emotionally and financially.

End of the 8th annual Europa Cinemas Conference

Claude-Eric Poiroux thanks all the speakers and the participants, and congratulates the Europa Cinemas team for the Conference organization.