



14th Europa Cinemas Network Conference

Warsaw

19th -22th November 2009

Conference Report

(With the Collaboration of Pierre Eisenreich)

Thursday 19 November 2009

PREVIEW SCREENINGS OF EUROPEAN FILMS

The Conference opened on 19 November with the preview screening of 11 European films:
Applause (Applaus), Martin P.Zandvliet (Denmark) – Europa Cinemas Label Karlovy Vary 2009
Cooking History, Péter Kerekes, (Slovakia)
Eastern Plays, Kamen Kalev, (Bulgaria)
Gordos, Daniel Sanchez Arévalo (Spain)
The Forest (Las), Piotr Dumala (Poland)
The Front Line (La Prima Linea), Renato de Maria (Italy / France / United Kingdom / Belgium)
La Pivellina, Tizza Covi & Rainer Frimmel (Italy / Austria) - Europa Cinemas Label Cannes 2009
The Last Days of Emma Blank, Alex van Warmerdam (Netherlands) - Europa Cinemas Label Venice 2009
Lourdes, Jessica Hausner (Austria / France / Germany)
North (Nord), Rune Denstad Langlo (Norway) - Europa Cinemas Label Berlin 2009
Soul Kitchen, Fatih Akin (Germany)

Friday 20 November 2009

OPENING OF THE EUROPA CINEMAS CONFERENCE

Ian Christie (Professor, Film Historian, Vice-President Europa Cinemas, UK)
Zenon Butkiewicz (Director of the Department of National Culture Institutions, Ministry of Culture and National Heritage, Poland)
Agnieszka Odorowicz (General Director of the Polish Film Institute, Poland)
Aviva Silver (Head of the MEDIA Unit, European Commission, Belgium)
Claude-Eric Poiroux (General Director, Europa Cinemas)

Ian Christie:

The 14th Europa Cinemas Conference will first of all provide an opportunity for people to come together and will complement all the exchanges that have taken place by e-mail throughout the year. New friendships will be formed and numerous concerns will be shared. For many exhibitors, this event, which is being held once again in an Eastern European country, represents a voyage of discovery to a region that, even just a short time ago, seemed remote. Coming to Warsaw inevitably prompts us to think about the current position of Polish cinema within the European context. In the 1950s and 1960s it played an important role in bridging gulfs that had opened up within Europe. It was appreciated in many parts of the world and took on an ambassadorial role in representing the spirit of Poland. Andrzej Wajda, Krzysztof Zanussi and Krzysztof Kieslowski were the key players during this period of high-quality European filmmaking, which has persisted through to the present, with the first two of these three directors in attendance here today. In 1981, the foreign participants in the Gdansk Festival witnessed the beginnings of an historic change that would remain with them for ever.

At the 14th Europa Cinemas Conference we may not see events like those in Gdansk, but we will endeavour to study the ways in which the transition to digital technology can be carried out in cinemas and will also consider the impacts of the recession, which, incidentally, have been less pronounced in this part of Europe.

Zenon Butkiewicz: www.mkidn.gov.pl

The Polish Ministry of Culture is delighted to be able to welcome the 14th Europa Cinemas Conference to Warsaw. Over the last few weeks the capital has witnessed two major events devoted to European theatre and modern art. It has become a focal point for the cultural and art worlds, and the fact that this Conference – dedicated to the development of cinemas in Europe – is being held here demonstrates this once again.

Agnieszka Odorowicz: www.pisf.pl

Poland is honoured to welcome the 14th Europa Cinemas Conference and thanks the organisation for the award that has this year recognised the work of a cinema in Cracow. The Polish Film Institute is faced with some major challenges, even though it can already boast a number of successes over its short life of barely 4 years. The country produces around 60 films a year and, overall, the Polish public are going to see these in increasing numbers.

Poland has introduced a programme to support its cinemas with the transition to digital technology. Over the next few years, they are set to be equipped with 90 digital projectors, which will make it possible for independent venues to compete with the multiplexes.

The Europa Cinemas network also offers substantial support to Polish exhibitors.

Aviva Silver: <http://ec.europa.eu>

Attendances at network cinemas are on the increase. It is important that we maintain this trend. From this point of view, the transition to digital technology will have an important role to play. Europa Cinemas is obviously proposing to support European cinemas, but it has also become a network that has opened itself to the rest of the world. The MEDIA programme is happy to make a contribution to supporting this growth. Although figures may have declined in 2008, they nevertheless remained above those for 2006. Last year the network posted 30 million admissions. The MEDIA programme is launching a consultation with exhibitors in order to support them with the transition to digital by finding out their requirements. Next year there will be a call for proposals relating to support with the installation of digital equipment in cinemas, and a budget for the project will be worked out. This conference will give the whole of the cinema supply chain an opportunity to come together: exhibitors, distributors, vendors and producers. Each of these parties is affected by the introduction of digital technology in cinemas and will be involved financially in this technological development.

Claude-Eric Poiroux: www.europa-cinemas.org

First of all, on your behalf, I would like to thank Zenon Butkiewicz, from the Ministry of Culture, and Agnieszka Odorowicz, General Director of the Polish Film Institute, for welcoming us to Warsaw for the 14th network Conference.

More than 500 professionals will be benefiting from your hospitality over these 3 days. We feel particularly at home in this large country, where our network boasts almost 50 cinemas in 13 cities right across the nation.

We have known each other for close on 15 years, as before you joined the MEDIA programme we had already initiated the network under the banner of Eurimages. From this organisation I would like to welcome Poland's extremely effective representative Irena Strzałkowska, who is with us here in the room today. We will make the most of this long weekend to improve our knowledge of your cinemas and your professionals, who have registered for the Conference in large numbers. Looking beyond Poland and the countries of the European Union, I would also like to welcome around a dozen exhibitors and distributors who have travelled from Latin America, Asia and the Mediterranean region and are also with us here today. As Aviva Silver explained, the European Commission is encouraging us to expand our network internationally and we very much hope that Europa Cinemas will be one of the strategic programmes of the next MEDIA MUNDUS.

We find it necessary to come together because, extending beyond the borders of our nations, we have shared convictions and passions. The conviction that cinema is an art form, one that is universal and accessible to all. Our role is to increase its abundance and diversity and spread this passion to as many people as possible. This *cinema d'auteur*, from Europe and the rest of the world, is something we believe in and something we have come together here to defend.

Today, there are many questions that need to be answered if we are to successfully come through the transitions that lie ahead. We will be tackling the transition to digital technology, an issue to which we have been paying particular attention for a number of years. Each Conference gives us an opportunity to anticipate the transformations that this new technology will bring. This year, we have invited our colleagues – producers, exporters and distributors – to share their practices and experiences in order to strengthen the independent sector to which we are all so attached. The moment of truth is approaching when we will have to ensure that no cinema belonging to this network disappears because it has been unable to find the funds necessary to equip itself with digital technology. This is a huge challenge and we must fight to make sure that these 2,000 screens, which give more than 30 million film enthusiasts every year access to European cinema, come through this revolution stronger.

The other challenge we face is to maximise the benefits that can be derived from the Internet and all the technologies offered by new methods of communication. It is at the cinema, rather than on Facebook or Twitter, that young people who want to share more than a cinema experience should meet and exchange ideas. Many of us are innovating in this area and each Conference is essential to enable us to share our practices and results.

The strength of our network lies in its unity and in the chance it gives us to share our own particular experiences. We have learned to work together and European cinema benefits from this greatly, as we devote almost 60% of our screenings to it. Let's use this large gathering in Warsaw as an opportunity to underline the points on which we agree and demonstrate our ability to move forward in solidarity. As far as solidarity is concerned, it is you here in Poland who made this a force for progress in your country and in Europe as a whole. We are therefore in the right place to be inspired.

CHALLENGES AND PROSPECTS FOR CINEMA PROJECTION IN THE DIGITAL CINEMA AND 3D ERA

Presentation/debate with **Andrzej Wajda** (Film Director, Poland), **Krzysztof Zanussi** (Film Director, Poland), **Borys Lankosz** (Film Director, Poland), and **Jean-Michel Frodon** (Film critic, Journalist, Film Historian, France)

Claude-Éric Poiroux: www.europa-cinemas.org

The second panel will focus on a general reflection – something we set in motion last year by inviting the philosopher Gilles Lipovetsky to open the Conference – with the aim of giving exhibitors and distributors a broader perspective in addition to their own, often pragmatic, activities. This year, the Conference welcomes critic Jean-Michel Frodon, who will talk about what 3D cinema will bring, and Polish filmmakers Borys Lankosz, Andrzej Wajda and Krzysztof Zanussi, who will explain the future that awaits their films in cinemas and how they view the technological transformations affecting their art.

Krzysztof Zanussi: www.tor.com.pl

In his novel *The Leopard* Lampedusa wrote: “We are afraid of the world that is dawning”. He said that if we want things to stay the same, things will have to change. The transformation that we are experiencing today in the world of technology is extremely fascinating. But it is not what really matters. Narration and a vision of the world will continue to be the methods used to communicate with audiences. The question of whether we are using an old technology or digital technology to communicate is not so essential. Today, we are still faced with old problems that are affecting the old continent. There is still a lack of dreams. We have forgotten how to tell stories. Life lacks meaning nowadays. A priority of values needs to prevail again. The passion has to return. Are audiences prepared to accept this process of reflection, to make this effort in relation to themselves? Would they not prefer to remain detached from such existential thoughts? This presents a problem for artists, but also for exhibitors, who are the intermediaries between audiences and filmmakers. This digital revolution presents other forms of emotion, but that is not what is most important. What matters is finding a language today. In this context digital technology remains an epiphenomenon. Sometimes I do not know what technology I am using; on the other hand, I do not forget who I am filming for.

The Europa Cinemas Network seems to be vital for European filmmakers and for the distribution of their high-quality productions. Digital technology offers us the possibility of bringing different audiences together. It can attract people who rarely go to the cinema and also arouse the interest of young people. This will open up new prospects. Independent cinemas enable audiences to identify with them as cultural venues. These establishments can bring these members of the public together in something resembling a “club for those with superior taste”. Postmodernism was not really right and Europe is in need of a new impetus. The role of new progressive groups is to set out on new paths and employ different methods, at the risk of experiencing disappointments. I am unconcerned about this digital revolution, however. It does not really matter what camera you are using. This can be forgotten. The important thing continues to be the aesthetic aspect and taking up certain challenges in the creative area. The technology used remains a secondary issue. It is in the areas of distribution and communication that the real changes resulting from digital technology will take place.

Claude-Éric Poiroux:

The network’s theatres have not been amongst the very first to equip themselves with digital and 3D technology. However, we believe that digital represents progress with regard to the circulation of films, as it simplifies their transport and ensures that the career of films, and therefore of filmmakers, is more stable and more comfortable. As Régine Vial (Les Films du Losange) explained, for example,

The White Ribbon was released on digital prints in order to guarantee sustained quality for director Michael Haneke during all the

Jean-Michel Frodon:

In the presence of this large audience made up of exhibitors from the network, it is important to salute the exceptional work of Europa Cinemas. The subject of this speech is digital cinema and 3D, but it will focus in particular on developments in the area of projection itself in cinemas, against the background of the mass and dominant distribution of images and sounds on small screens, technologically a different kind of distribution from cinema projection. Initially we will look at the modification of the projection process as a result of digital technology. We will then analyse the position of projection in cinemas, which has become unique in the world today.

The debate concerning the principle of the transition to digital projection is now closed. There is still some discussion about the methods and conditions that will apply to this transition, particularly with regard to the economic models and the technical standards that could represent a move away from the standardisation of the 35 mm format, something that makes it possible to ensure the diversity of films within a single venue. The digital system ensures flexibility and convenience in the transport of films, but also gives rise to differences in projection quality according to the level of technology chosen.

With 35 mm, all films, whether art house or commercial, had something in common, whereas digital is tending to lead to fragmentation. Digital technology may be an aid to under-equipped regions, thanks to the lightness of certain equipment, as today cinemas are continuing to disappear. Cameroon recently saw its last cinema close. At the other end of the chain, the mass public is being presented with a high-quality offering: 3D projection, initiated by Hollywood. It is very possible that this technology could prove beneficial to creators, in accordance with a spirit of innovation. The technological evolution has largely been initiated by the industry, as was the case, for example, with the transition to sound and colour. Filmmakers appropriated these technologies in order to renew the language of cinema. There is therefore no reason to be terrorised by the transition to digital technology and 3D projection. 3D cinema did not await the arrival of digital technology to come into being. In the United States it experienced a veritable boom at the time when television was growing rapidly, with around a hundred 3D films being produced (1953) to provide competition for the cathode-ray screen. This technological offering did not really persist back then. Today, on the other hand, it seems that 3D cinema is becoming established for the long term. Through digital projection, 3D cinema is something that concerns all cinemas, both chains and independent theatres. The evolution that digital technology is bringing about has had the positive effect of making the public and private sectors in numerous countries interested in the importance of the cinema's existence. Nowadays, 3D productions are most often spectaculars and fall within the fantasy genre. But there is no reason why that must remain the case. There is nothing stopping filmmakers, out of a love for realism, from employing this technology for visual and aesthetic purposes in order to create a link with the 3D world in which we live. Incidentally, we can see at the moment that the use of 3D is changing. It was first employed to make objects jump out of the screen. Now it appears at the back of the screen, inverted, to provide even greater depth of field. We are fairly certain that this will change the language of cinema and lead to the creation of new artistic inventions that it will be possible to see primarily in independent cinemas, which, unlike multiplexes, are accustomed to programming the most radical works. Today, it is only the independent networks in Europe and, to a certain extent, in Latin America that are likely to welcome these new works that will emerge onto the scene.

However, it is evident nowadays that the cinema is no longer the only venue for projection. The video projector has made its entry into the home. This does not replace the cinema, the act of leaving your home, seeing a film in public, paying for your seat, etc. On the contrary, home projection reveals a genuine desire for cinema. This technical flexibility also makes it possible to take cinema

into schools, old people's homes, holiday resorts, etc. It could prompt people who have lost the taste for cinema to rediscover it.

Projection in cinemas is no longer the predominant way of seeing films. Small screens that deliver images and sounds, whether we are talking about televisions, computers or phones, offer a diverse range of programmes, including films. However, cinematic feature films still belong to the exclusive category of production that is envisaged for projection in cinemas on the big screen. The cinema remains the real destination for films, while small screens are tending to erase the differences between programmes and the different ways of addressing audiences. Films continue to be "haunted" by their vocation of being projected in cinemas, even though, for many productions, exhibition is no longer the main source of revenue. The cinematic film retains a uniqueness thanks to the director, who, in a more or less conscious manner, analyses – through his creation – the tools and techniques that he uses. Audiences sense this more than they realise at first sight. Seeing the film projected means seeing a feature film in a closed environment, one that is dark and where you cut yourself off from the world to accept a face-to-face encounter with a representation of the world. Here you are in a constrained situation, sitting in a chair and having consented to remain there and submit to a duration that is out of your control. You also see an image that is larger than yourself. This experience is absorbed as part of a group made up of people you do not know, with whom you share the viewing of the same story and the unique construction of a relationship with the real and the imaginary. For a long time filmmakers and producers did not take a particular interest in projection, because it was self-evident. That is no longer the case. It constructs a number of relationships between the real and the imaginary which, in certain cases, have a religious, erotic or political dimension that addresses the individual as part of a community. Cinema also benefits from transformations in the area of light or highly sophisticated digital cameras.

In conclusion, although the cinema, as a place for projection, has become a minority venue for absorbing images and sounds, its precious status has – paradoxically – gained in importance in relation to the critical capacity of the individual; what he/she is thinking of the different types of representation. It is important that all cinemas are able to encounter all audiences within the context of projection in theatres.

Claude-Éric Poiroux:

The 14th Europa Cinemas Conference is honoured to welcome Andrzej Wajda. His works have been recognised and have received awards the world over and he is still directing great films today. Five years ago he founded an internationally renowned cinema school that trains young directors and screenwriters. Andrzej Wajda is here to talk about the vision behind his work as a filmmaker, but also his vision for the future of his art through the training of new talents.

Andrzej Wajda:

In the past, the cinema was the place where people had an opportunity to see stories even if they could not read or write. It was a social event, as for many people the theatre was inaccessible on account of its price. Cinema remained a popular form of recreation. At the time of the Lumière brothers, reporters set off across the world with their cameras to record the unknown. Cinema was therefore associated with a spirit of adventure. Then Charlie Chaplin had the ambition to make films for everyone, often for poor audiences made up of strangers lost in big American cities. In Poland, following the Second World War, all types of films were shown, before the censors started monitoring dialogues. It was better to express yourself through images rather than words, as certain ones could be banned. We managed to suggest the presence of the Soviet army without actually showing it. However, this censorship only had the effect of arousing the curiosity of audiences. In Moscow the projection of a film by Antonioni was organised in his presence. Much to the filmmaker's surprise, crowds of people turned up, as people wanted to see the world outside the borders of the Soviet Union. Clandestine projections were organised to get round the censorship.

Through its social function, the cinema has always been a place of understanding between the director and his audience. Today, however, due to the cost of admissions, the cinema is no longer thought of as a popular form of recreation. Poland gave preference to supporting its film production rather than distribution or exhibition, which resulted in Polish films having few cinemas in which to be seen. The country's productions enjoyed more successful careers abroad. Today, does the individual still have the desire to go out and see a film as part of a collective experience? The cinema will not disappear, but will continue to survive, albeit perhaps in a different form. Catering has become one of the main sources of income for cinemas.

The reactions of the public obviously have an impact on directors. It is important to maintain this union between audiences and directors, something that is only possible in cinemas, even though nowadays the individual prefers to watch films in a private setting. Here we can see the social disintegration of the cinema's role. Audiences feel less and less that they belong to a community by going to see a film at the cinema. They come to consume. In the past, people who went to the cinema were those in favour of change. Today, this art form is seen by audiences who have succeeded and who simply want to enjoy themselves. This evolution has become the norm. It is desirable that film students create works that touch people who have concerns about society, who are dissatisfied with the reality we live in, the reality that concerns in particular the political domain.

Claude-Éric Poiroux:

What Andrzej Wajda has just explained is something that Lilian Gish also talked about in a documentary directed by Jeanne Moreau, relating to a time when cinema audiences – in the era of the silent film – primarily consisted of immigrants from every continent who saw cinema as a universal language, one made up of images. The talkie resulted in audiences becoming divided, bringing the role of language into play. Subtitling and dubbing, of course, made it possible to maintain a mass audience. With 3D cinema, are we not heading towards a form of cinema that is purely sensational, about impact? Are we not regressing?

Jean-Michel Frodon:

The underlying question continues to be the change in the audience's relationship with the film. In this respect, Andrzej Wajda is right to underline the director's desire to see his film's audience, as Antonioni wished to do in Moscow. This conveys the importance of accompanying films to audiences in the form of presentations or debates: activities that are very much present within the Europa Cinemas network. New digital and virtual technologies have become valuable aids in establishing a close relationship with the feature films seen in cinemas.

Borys Lankosz:

In the 18th century, the main art form for entertainment and leisure was opera, something that could be said of cinema nowadays. Do young people today still have the desire to sit in a cinema for two hours in front of a film or will they be more interested in creations on the Internet? Is cinema undergoing an extinction like that experienced by opera in the 18th century?

Jean-Michel Frodon:

Ever since the birth of cinema people have been announcing its death and yet it is still alive today. The first person to do so was Louis Lumière, who said that it was an invention with no future. It is true that, every day, cinema is considered to be on its last legs. But perhaps it is a good thing that it is living in a state of urgency, of tension and of self-transformation that is forcing it to keep finding new ways of staying alive.

Andrzej Wajda:

Digital technologies have made logistics faster and filming more flexible. They are also beneficial when it comes to restoring films and distributing them on different formats.

Michel Humbert:

Films need to be made in such a way that the complete experience can only be enjoyed thanks to the cinema. This demands a great deal of work, and this is also the case for 3D films. The question that now arises is that of the economic cost of a cinema equipped to show 3D in relation to the current offering of 3D films.

Jean-Michel Frodon:

A 3D production is 25% more expensive. However, costs will fall if there is an audience for them.

Régine Vial: www.filmsdulosange.fr

The transition to digital technology presents directors, producers, distributors and exhibitors of films d'auteur with a real opportunity to contribute to modernization. It will be of enormous benefit when it comes to screening films in schools and for teachers who wish to show images. On the other hand, we are concerned about the lack of content, about the lack of arthouse films in digital format. It is important that these films d'auteur benefit from support in relation to the production of digital masters. They need to occupy digital screens rather than surrendering them to the productions of the majors.

The White Ribbon can be considered a real success for arthouse exhibition. Thanks to digital technology, it was decided that the exclusive rights to show the film on the Champs Elysées would be granted, quite logically, to the cinema Le Balzac, which is already equipped with a digital projector. The negotiations took place well before the Cannes Festival and therefore before the Palme d'Or had been awarded. Le Balzac's takings have surpassed those of the multiplexes and represent the best admission figures for the whole of Paris.

Jean-Michel Frodon:

Today, cinema is enjoying an outstanding period: never before have so many films d'auteur been produced across the world. There is therefore considerable rivalry between filmmakers. The films are there and so too is the talent. However, there is a need for economic and technological support to assist with the transition to digital.

SESSION 1. PRODUCERS-EXPORTERS-DISTRIBUTORS-EXHIBITORS IN THE FACE OF DIGITAL

- State of play regarding digital distribution and projection in Europe
- What are the technical and financial benefits for each of the players in the cinema industry?
- How can the solidarity and coherence of the industry be guaranteed?
- What are the specific needs of each sector in the context of this transition?
- How can independent cinema benefit from digital filmmaking and projection?

Led by **Michael Gubbins** (Consultant and Journalist, UK)

Thierry Delpit (Development Director, CN Films, France)

Peter Garde (Head of Business Affairs, Zentropa, Denmark)

Frédéric Goldsmith (General Delegate, Association des Producteurs de Cinéma, France)

Angelo Barbagallo (Producer and Managing Director of Bi. Bi Film, Italy)

François Yon (CEO, Films Distribution, France)

Maren Kroymann (Director, Sales & Acquisitions, m-appeal, Germany)

Thomas Matlok (Distributor, Pandora Filmverleih, Germany)

Ross Fitzsimons (Director of Strategy & Business Development, Curzon Artificial Eye, UK)

Christian Thomas (Founder/CEO, Imagine Film Distribution, Benelux)

Nico Simon (CEO, Utopia Group of Cinemas, Benelux/France, Vice-President Europa Cinemas)

Claude-Eric Poiroux (General Director, Europa Cinemas)

Michael Gubbins:

This panel will analyse the options for resource-sharing costs in the move to digital as well as the differences still to be overcome between partners in the cinema industry's economic chain.

Thierry Delpit: www.cnfilms.fr

CN Films is a firm of consultants in France and in Europe handling every aspect of digital cinema. In January, an event will be held organised by CN Films involving all the major players from the field of digital technologies for cinema.

We will also be advising the distributors. So, we have developed a software product for digital releases known as Cinego. A project called MD Platform will also emerge in order to provide the distributors with technical and financial help for digital film releases.

Over the past ten years the use of digital has increased. There were 12,000 working digital screens across the world in the first three months of 2009. From 2006, the USA accelerated the move to digital in cinemas and this faster approach reached Europe in 2008. France, in particular, has now caught up. Portugal has also seen the pace of digital installation in cinemas increase significantly over the past few months. The European average is 15 % digital screens compared with total screenage. Most of these screens are located in multiplexes or in new establishments. The financial partners who helped the European exhibitors to go digital are third party investors, exhibitors adhering to a VPF system and the authorities.

Out of a total of six hundred films, fifty-two were released on digital in France during the first eight months of 2009. What has been noted is a lack of digital European contents. The distributors need technical and financial support for encoding films in digital as is the case in the United Kingdom with the British Film Council or Media Plan at the European level.

Formatting and encoding now constitute a single step at the level of postproduction to create the DCP print. Most of the encoding is provided by the distributors and hardly ever by the producers. Unfortunately, because of a lack of communication, occasions arise where the same film has been encoded twice, with distributors being unaware that a more or less equivalent format already exists

in another country. Moreover, in order to safeguard the quality of encoding, the Media Plan is going to implement specifications setting out quality criteria for producers. All the digital screens in France can now accommodate 3D. The release of *Avatar* has prompted many exhibitors to opt for 3D.

Peter Garde: www.zentropa.dk

Antichrist was filmed in digital using Red One cameras. This digital film release was a first in Zentropa's thirteen-year history. We have invested seven million euros into the production of this film, with this sum also including a digital master ensuring global sales of an actual finished article. Thus, it was possible for *Antichrist* to be bought in a large number of different countries. The big festivals have to maintain their role showcasing digital films. However, developing a digital master costing tens of thousands of euros for a festival remains extremely expensive since subsequently it is necessary to start up the entire selling process and film distribution without knowing at the outset its exhibition potential and its future run. Today it is necessary to find a single economic model quickly in order to universalise digital projection in cinemas. If this is not forthcoming, producers will offer films directly to the audiences bypassing the distribution and cinema networks.

Frédéric Goldsmith: www.producteurscinema.fr

Just like SMS, the digital technologies developed for cinema may be destined for other things. Indeed, in the beginning no one thought that these small electronic messages were going to be used for anything other than a professional purpose. Today they generate the main source of the operators' revenue. The audience will consequently assure the future of digital in cinemas. Two years ago, French independents realised that digital would transform the entire cinematographic industry. They set up the *Collectif des indépendants pour le numérique* (CIN or Collective of Independents for Digital) to ensure solidarity, quality, seasonal programming, regulation and unity in the industry. Digital represents an additional cost for the entire industry. It can be paid for by a resource-sharing system of the VPF, as proposed by the CNC. This solidarity must make it possible to share the costs and also pass on the profits as far as the producer. Digitisation of the masters by the producers requires support and assistance. The transfer from photochemical to 2K remains very expensive, costing in the region of several tens of thousands of euros. Conversely, if the film is shot entirely in digital, the producer must provide an equally expensive photochemical master to supply the cinemas, which continue to project films in 35 mm. The authorities and the European Union must draw up a funding plan for digitisation for the producers so that they are able to bear the twin cost of a digital and a photochemical master copy for the cinemas when they make the technological switch.

Christine Eloy:

It is important to put into perspective the price of the digital master mentioned earlier by the producers. According to the laboratories, the prices can vary greatly. We can obtain a 2K digital master for 10,500 euros. Distribution has already been through this.

Angelo Barbagallo:

This summer we produced the new film by Abbas Kiarostami, shot in Italy using the Red One cameras, which make it possible to film in 2K. The film was bought in many countries, including India. Digital provides savings on the cost of the hired equipment and simplifies the method of direction. These days 90 % of Italian productions go via a digital intermediary. The 2K standard guarantees this interoperability. It facilitates distribution of all the masters. In Italy, the twin cost of the digital and photochemical master does not constitute an obstacle or a financial difficulty for production. On the

other hand, it is important that digital masters are there to encourage the move to digital projection in cinemas.

Italy has not contributed any public funding for the move to digital. However, a law has just been promulgated, offering tax relief of 30 % for cinemas that will be equipped with digital over the course of the next two years. Italy has 3,170 screens. One third of the cinemas account for the majority of takings for the total figure of 100 million viewers annually in Italy. Increasingly, they are attending multiplexes whilst the number of cinemas in smaller cities is declining. It mainly concerns a young audience who are not interested in cinema d'auteur and Italian cinema. But the traditional cinema venue sometimes fare better than the multiplexes: *Vincere* by Marco Bellocchio obtained 60 % of its box office takings in art house cinemas whilst the multiplexes realised 20 % out of admissions in excess of four million. Today, the priority in Italy must be to invest in cinemas rather than production. Only the traditional cinemas will save Italian productions. Digital cinema will help the small film theatres to survive.

Maren Kroymann: www.m-appeal.com

Digital distribution started to affect international sellers five years ago. Very quickly, we realised that we had to exert pressure on the producers in order for them to provide a master for digital distribution.

We are specialists in Eastern European films, half cultural, half commercial. But today we find that HD masters are hardly ever used in Europe due to the lack of properly equipped digital film theatres. For the DCP print to take hold, it is necessary to adopt a standard European approach. In the meantime, we cannot rely on digital opportunities for VOD for distribution of films d'auteur since their number of downloads is too limited.

François Yon: www.filmsdistribution.com

As an international sales company, 90 % of the films are bought based on the script. Digital has the benefit of making it possible to follow more readily developments in postproduction: from the five weeks following the shooting approximately, it is possible to have an initial idea of what could be the final edit. Today digital masters are needed to sell films in Korea, Japan and in the USA. 35 mm is not enough anymore. It is true that the French laboratories offer prohibitive tariffs for digital masters. In Taiwan, the costs are five times cheaper. Filming in digital has made it possible to make savings in production costs. This is certain to get the producers to adopt the principle of digital exhibition of their films. The problem at the moment being that there are too few distributors requesting a digital master for production to create releases in DCP prints.

It will be possible to strengthen the distributors' position in future if they manage to distribute independent films in digital with commercial potential. They will benefit from substantial savings thanks to digital. Thanks to the new technologies (Internet downloads), films of particular interest can be sold directly to the target audience without going through a distributor. Sellers can therefore make even higher profits.

Antoine Virenque:

In relation to the costs of the masters, at Eurimages there is a budget heading to fund this work. This is proving to be very much underutilised.

François Yon:

In the cinema industry's economic chain, the only link not to have received assistance is international sales. We therefore act like dealers since this profession consists of selling films based on a script and providing the distributor with the best possible material, which these days means a digital master. If

as an export agent it is possible to benefit from Media Plan aid for the digitisation of a master, we will be the first to have recourse to such in order to reduce the producer's costs. Today the domain of film exports is faring very well but it has been noted that cash flow between the different levels in the economic channel is increasingly hard to obtain. If these difficulties persist, it will be necessary to diversify operations to reach the audience directly. Digital makes this possible. To that effect, the export companies Celluloid Dreams and Wild Bunch have just invested heavily in VOD in the United States.

Ross Fitzsimons: www.curzonae.com

Curzon Artificial Eye is involved in distribution, exhibition and sales activities. We focus on a global vision of the industry by trying to bring talent to the audiences. We own five cinemas in London. All are digital and the next ones to open will also be equipped with digital. 35 mm belongs to a bygone era.

We distributed *The White Ribbon* by Michael Haneke in the United Kingdom on 17 digital screens and one in 35 mm. Exploitation of digital is still set to develop in the multiplexes who still very widely have recourse to 35 mm. Fish Tank, for example, has been distributed with 22 35mm copies. The fact of having developed a vertical focus of distribution and digital exhibition has made it possible to make viable this new economic chain and safeguards the future of our business. The producers do not need to wait to digitise their masters. These must be accounted for in the production budgets right from the outset. The move to digital must not carry on indefinitely among the independents since this really weakens their sector. Moreover, the major players will not wait for them and will intensify competition. The independents have already fallen three to four years behind compared with the studios.

Christian Thomas: www.imaginefilm.be

Having an integrated distribution and exhibition business like Curzon Artificial Eye is certainly a plus in the context of digital distribution. As a distributor, we must adopt a case-by-case approach to the exhibitors and sign specific contracts. We are a far more modest business than Curzon Artificial Eye, which is about to develop a DVD and VOD offering.

We are clearly very much in favour of developing digital in cinemas, this being a mark of quality and flexibility. It is an important revolution and we have to be a part of it. The distribution sector must contribute economically to take up this challenge. Resource-sharing investments are needed between distributors and exhibitors in the form of a VPF, all the more so since we do not know how long the period of digitisation of exhibition in Europe is going to take and any additional costs involved.

Thomas Matlok: www.pandorafilm.de

In Germany, it was decided that the contribution towards digitisation issued by the different branches of the cinematographic industry would not be implemented and deemed anti-constitutional. Back to the start then. There is a plan B, however, which comes down to mutualisation of the VPF with a plan of subsidies for arthouse cinemas. The desire is for digitisation to take place quickly because this period of transition is very expensive in the meantime with the duplication of 35 mm and digital copies. Distributors are particularly affected by this additional cost and see their professional risk increase. This transition has already taken longer than anticipated. It is necessary for the small cinemas to be able to benefit in future from a VPF, which extends over several weeks for several films in order to safeguard a rotation of programming.

Claude-Éric Poiroux:

We need to look beyond this transition period that is complicating the debate. Certain interventions, on the part of producers and exporters, do not seem to offer a vision of the future that is equal to the challenges presented by digital technology. Logic would dictate, however, that the production of a 2K digital master allows savings to be made in the first place at the post-production stage. All the more so as producers have already been providing HD masters for television and the DVD edition for a number of years now. As digital duplication is 10 times cheaper than is the case with a 35 mm print, takings should be passed up from the distributor to the producer much more quickly and more consistently. Ordinarily, the producer should not require a subsidy in order to produce this master, of which he will be the first to benefit from the export and distribution stage onwards. Today, we can note that it is actually exhibitors and distributors who are offering a constructive vision of the future. The latter have demonstrated over the past two years that independent distribution is keen to move the digital market forwards, in spite of the day-to-day difficulties in managing the two formats. However, exhibitors from small European countries are faced with a much more serious concern: the VPF will not be practicable in small markets, as here distributors produce an insufficient number of prints. The only cinemas that will be able to escape this problem are those that belong to vertically integrated companies, that is to say those that operate in the production, distribution and exhibition sectors, or that belong to horizontally integrated chains that have a presence in several countries and where 80% of the films shown are American. A danger also remains in all countries for single-screen cinemas, which will not generate a sufficient VPF to fund their equipment. A solution needs to be found and this will form the subject of the next Europa Cinemas meetings. Support that is generated solely by the commercial sector will not be sufficient. The French resource-sharing project that is being studied at the CNC could be reproduced in other countries. However, it will also be necessary to mobilise municipalities, regions and political powers. Andrzej Wajda reminded us of something incredible: the political role of the cinema and of the films that are seen there. Polish history gave us the perfect illustration of this with the Palme d'Or for *Man of Iron*. Incidentally, the Polish Film Institute has decided to purchase 75 digital projectors for cinemas. The Czech Republic will also be investing in 25 projectors. At the moment, however, the Greek Film Centre is refusing to support the introduction of digital technology in independent cinemas. Solidarity between distributors and public authorities will be essential at European level in order to maintain the network of small cinemas. The model presented by Christian Thomas and Europa Distribution shows that the saving that digital technology enables the distributor to achieve is in the region of 23%, against a VPF of 750 euros for the first week of exhibition. The model being studied in France by the CNC limits the VPF to 650 euros. Over time, digital projection will allow other costs within the sector to be reduced. What remains to be seen is how soon exhibitors will need to renew their digital equipment and therefore reinvest.

Europa Cinemas' objective is for its 2,000 screens to be equipped with digital technology quickly so that films can be shown in perfect condition, whether they are in their first or their fifteenth week. Films will be able to remain in cinemas with the same level of quality and benefit from more flexible and longer-term programming. Whereas the subtitling of 35 mm prints into one language means that films become immobilised in a single country, digital duplication will greatly facilitate the diversification of the offering, thanks to the dematerialised, more flexible and faster transfer that it allows. The certainty that we want to express is that digital technology will surely aid the dissemination of European cinema. In our opinion, the VPF system will make it possible to equip at least half of the screens in the Europa Cinemas network. We will need to find other solutions for countries and cinemas that do not generate a VPF, which is a contribution from the distributor. Otherwise, cinemas will close, something that we refuse to contemplate.

Nico Simon: www.utopolis.com

The producers and exporters still have no clear vision of the resource-sharing investment required in digital and present themselves as victims of this situation. It is not merely a question of overcoming the difficulty of the duplicate photochemical and digital master. In any case, 35 mm will always be useful to store films in the film libraries. It is also a matter of preparing the future of the cinematographic heritage. But we can be persuaded that the attitude of the producers and exporters regarding digital will change for the good for the cinematographic industry as a whole.

In Luxembourg, the experiment with digital in the three arthouse cinemas belonging to our company is working very well to such an extent that certain digital copies cannot be programmed for lack of space.

In France, we are confronted with the same problem. Only the move to digitisation by the greatest possible number of cinemas will avoid this bottleneck. Per site, it is necessary for two or three cinemas to be equipped with a digital projector. Beyond the undisputed quality of digital projection, there is the benefit of the flexibility of programming by being able to store the digital copy for longer than a 35 mm print.

At present, however, financing solutions have still not yet been found. The debate on VPF and resource sharing concerning the third party investors should already have taken place, three years ago.

But for the Utopia network, digital exhibition of films should not pose any problems in future.

EUROPA CINEMAS AWARDS 2009

The 2009 Europa Cinemas Awards went out to:

- Best programming: **Kino Pod Baranami, Cracow, Poland**
- Best Young Audience Activities: **Multisala Pio X (MPX) et Excelsior, Padova, Italy**
- Entrepreneur of the Year: **Folkets Hus Och Parker (FHP), Sweden**

The awards were given at the Muranow cinema, member of the Europa Cinemas network, by **Agnieszka Odorowicz**, director of the Polish Film Institute, **Andrzej Jakimowski**, director of *Tricks (Sztuczki)*, and **Borys Lankosz**, director of *Reverse (Rewers)*. This last film, which will represent Poland in the best foreign film category at the Oscars, was screened for the Network exhibitors.

SESSION 2. WORKSHOP 1: IN SEARCH OF PARTNERSHIPS FOR THE TRANSITION TO DIGITAL

- Technical industries: how will equipment develop and improve?
- Banks: loans and guarantees for investments.
- Third-party investors: what proposals for co-financing?
- Institutions: what support mechanisms exist or may be devised?
- Public authorities: what contributions at European, national or local level?
- Financial models: how can risks and investments be pooled?

Led by **Steve Perrin** (Chief Executive, UK Digital Funding Group, UK)

Angelo D'Alessio (Managing Director, CineDesign Group, President of Media Innovation Center, Italy)

Patrick Vanhoudt (Senior Economist, European Investment Bank, Luxembourg)

Maxime Pirson (Senior Manager Global Export & Project Finance, Fortis, Belgium)

Jan Wolfcarius (ING Corporate Clients BE, Sector Principal TMT, ING Bank, Belgium).

Serge Plasch (CEO and Managing Director, XDC, Belgium)

Jean Mizrahi (CEO, Ymagis, France)

Gwendal Auffret (Senior Vice-President, Digital Cinema of Arts Alliance Media, UK)

Olivier Wotling (Head of Film Department, Centre National de la Cinématographie, France)

Thierry Hugot (Digitisation Support Scheme Officer, Eurimages, France)

Enrico Di Mambro (Consultant, AGIS-ANEC, Italy)

Hughes Becquart (Policy officer for Distribution, Digital Cinema, MEDIA International, European Commission, Belgium)

Olga Raitoralova (Digital Cinema Expert, Media and Audiovisual Department, Ministry of Culture, Czech Republic)

Rolv Gjestland (Adviser Cinema Technology and Design, Film&Kino, Norway)

Marta Materska-Samek (Vice-President, Cinema Development Foundation, Crakow, Poland)

Patrick Brouiller (President AFCAE, Vice-President CICAIE, France)

Christine Eloy (Distributor, Cinéart, Belgium)

Hans König (Distributor, Polyfilm Verleih, Austria)

Jean-Pierre Villa (Director, Véo Cine, France)

Angelo d'Alessio:

From a commercial point of view, digital cinema will only be viable if the customer likes the product on offer. The economic chain in the cinema industry is based on takings passing upwards, from audiences and exhibitors to distributors and then producers.

The standard makes it possible to unify the system and avoid technological islands. A single standard satisfies the demands for interoperability. This standard and this interoperability must be certified in order to serve as a basis for economic relationships.

There are several types of interoperability. What is important is that the various elements, which come from different suppliers, are compatible with each other. The mathematical resolution – the number of pixels – and the perceived resolution – which is subjective – need to be taken into account. With regard to 4K, at the present time no content is being produced with this level of resolution: the SMPTE standards do not currently take 4K into account, including for stereoscopic 3D projection. 4K requires 8 cables between the server and projector, as opposed to 2 cables for 2K. In future, the server is certain to be included in the projector.

The SMPTE standards also concern cinemagoers who are hard of hearing. Whether at the level of technology or interoperability, digital projection needs to take the requirements of all audiences into account.

As far as the projection of advertising films in cinemas is concerned, having a different projection quality for these and for feature films is unthinkable.

There is also a single standard for sound, uncompressed in digital format.

It can be noted that there are too few training courses in digital projection in Europe. Only the equipment suppliers are offering these services. However, the teaching profession should also benefit from this new knowledge and these new methods.

The transition to digital technology compels us to come up with lasting economic and technical solutions. This will require time and patience.

Steve Perrin:

Should we fear a radical change in the development of standards over the next five years that would render current equipment obsolete?

Angelo d'Alessio:

There will be no problem with interoperability between 4K and 2K if the international standards are respected by manufacturers.

Serge Plasch: www.xdcinema.com

The principal activity of the company XDC is the manufacture of servers. However, nowadays we are focusing above all on services aimed at developing digital technology in cinemas. Five years ago we proposed leasing offerings that comprised all the equipment needed for digital projection. We then adopted the VPF model, which came to replace leasing. We have set up a genuine platform of after-sales services and technical support for exhibitors.

As a third party, we need to manage the differences of opinion that can arise in the distributor/exhibitor relationship. At the moment we are offering a single type of VPF, a contract signed jointly with the majors. A large number of suppliers are called on for the equipment, but we also have our own technologies. We work with two financial partners – ING and BNP-Paribas-Fortis – for the leasing and loans.

The VPF is settled on a weekly basis by the distributor, in the amount of 600 euros. The equipment contracts are envisaged for a period of 7 years. At the end of this period the exhibitor becomes the owner of the equipment.

In Austria, XDC has signed a contract for 200 screens.

We have not signed a VPF agreement with all distributors. If a distributor that is not affiliated to XDC wishes to show a film on digital screens, we can offer this distributor an exceptional agreement.

We have already collected 1 million euros in VPFs.

Jean Mizrahi: www.ymagis.com

Ymagis was founded two years ago. Its founders are also the owners of the funds and are in charge of how they are used, something that is relatively rare in this professional sector. First of all we signed contracts with 3 American studios to establish a VPF. Today, 40 exhibitors are affiliated to Ymagis, representing 450 screens in France, Belgium and Spain. The company is also interested in arthouse cinemas. Its VPF model is intended for all kinds of cinema, from multiplexes to single-screen theatres. We regard ourselves as a service provider that provides financial solutions to exhibitors who are keen to equip themselves with digital projectors. Each exhibitor represents a specific case. This means that the offers need to be adapted to each of them.

We also take care of the encoding of prints and logistics in the area of distribution. We would like to develop technical support for exhibitors by means of an NOC ["Network Operations Centre"] for the

transfer of files between cinemas. This allows a high degree of flexibility in the management of trailers. We also hire out 3D glasses to allow exhibitors to get used to this new technology. We remain open to any form of partnership, including with third-party investors. XDC in particular has participated in one of Ymagis's projects.

Cases of a distributor refusing to pay the VPF and obliging the exhibitor to do so in its place in order to obtain a film are extremely rare, but this could happen. These unfortunate practices already existed during the 35 mm era, when distributors obliged exhibitors to pay funds in advance.

Gwendal Auffret: www.artsalliancemediacom.com

Arts Alliance Media (AAM) has a presence in the United Kingdom, France and Norway. Its activity is the deployment of digital technology and content in cinemas. We have installed 670 screens in Europe and have 1,300 screens under contract within the framework of the VPF. We offer laboratory services for the distribution of digital prints and have just started distributing films via satellite to 30 sites. In addition, we offer alternative content, such as live opera programmes. In the United Kingdom we have set up a subsidiary to maintain the digital equipment in cinemas. We are now managing 240 screens after winning the British Film Council's invitation to tender in 2005. In France, the CGR chain called upon the services of AAM for the installation of its 400 digital screens. Recently we have extended our market to include Spain, Italy and the Netherlands.

We offer 2 VPF models. In the first case, the third-party investor purchases the equipment whilst the exhibitor pays a contribution corresponding to the cost of installation. The latter becomes the owner of the equipment at the end of the contract. The other model is similar to that of the third-party collector: the exhibitor purchases and finances the equipment himself. Arts Alliance collects the VPFs from the distributors and repays the funds to the exhibitors each month.

We advocate flexibility in adapting VPF systems so that all types of cinema can benefit from them, whether or not mutual funds are called on.

Maxime Pirson: www.fortis.be

Fortis Bank can now rely on the international experience of BNP-Paribas, with which it has merged. We have already provided the funding to XDC in order to guarantee the funds collected for the VPFs. For banks, the digital market is proving to be extremely fragmented, due to the large number of small European cinemas. We are asking ourselves about the resources that exhibitors will need to obtain in these times of crisis, as private banks will not be able to guarantee the investments on their own. We therefore want to see a coordinated approach to the deployment and financing of digital technology and a pooling of risks in our capacity as lenders. Exhibitors will need to set up a non-profit-making company which will act as the borrower and coordinate deployment. Revenues will be generated by collecting VPFs from distributors and by means of lump-sum payments on the part of exhibitors to cover the equipment costs. It is therefore a good idea to draw inspiration from the experiences of the various integrators.

Jan Wolfcarius: www.ing.be

Within ING Bank a department is devoted to technological investments. ING is very well established in Belgium and benefits from the pioneering role played by the Benelux region in the area of digital cinema, in particular with the Kinopolis exhibition network. As far as equipment suppliers are concerned, ING works with the companies XDC for servers and Barco for projectors. The ING Lease branch has guaranteed the deployment of equipment in Portugal and Austria via XDC.

The investment requirements in Europe are considerable – around 60,000 euros per digital screen. We are proposing a conventional solution of a bilateral loan between the bank and a group corresponding to an exhibitor or an integrator [third-party investor]. This group needs to have strong borrowing power given the dynamics of the market. It is not an ideal solution in view of the

economic fragility of many independent exhibitors. As a guarantee, ING can hold mortgages on the equipment, on the VPF revenues or on the print rental fee.

We believe that pooling risks and revenues is necessary in order to achieve a rapid transition to digital technology. This needs to involve exhibitors, distributors and integrators, but also equipment suppliers and national and supranational organisations.

Patrick Vanhoudt: www.eib.org

The financing of digital technology is moving forwards. However, a deficit can still be observed in certain market segments. Financing efforts are being borne by exhibitors, whilst distributors are able to make considerable savings – therein lies the dilemma.

The investment potential in Europe is considerable. 30,000 screens are involved, at a cost of around 70,000 euros per screen. The market therefore has a total value of 2.1 billion euros. As a result of the financial crisis, however, there are no loans available for this complex sector. European public authorities will not have sufficient funds to invest in 30,000 screens. XDC, though, will be able to benefit from refinancing from the EIB.

The VPF model is essentially based on an agreement concluded with the American studios. This allows the exhibitor to pay 25% of the equipment cost if it programmes an American production. No European support would be able to match such a level of financing and such a guarantee. If the exhibitor obtains public aid, this is deducted from its contract, in favour of the integrator.

The EIB expects 17,500 VPF screens to be deployed over the next five years. 5,000 European screens are not likely to have access to the VPF, which represents 15% of Europe's total screenage. Other financing solutions will need to be found for these. It can be noted that the number of small and medium-sized cinemas that are not eligible for the VPF is higher in France and Italy, as American films achieve a smaller market share in these countries than elsewhere in Europe.

These cinemas could form a purchasing group that would enable them to realise economies of scale. A renegotiation of takings between distributors and exhibitors would also be welcome, as the relief available would only concern cinema chains that are already of a substantial size. The French and Italian projects, involving the resource-sharing funds and tax relief respectively, risk falling foul of the competition rules of the EU's Directorate General.

We should expect to see a certain number of acquisitions and mergers in the exhibition sector.

Within the EIB there is a department known as the European Investment Fund, which is intended for SMEs. It remains limited in the audiovisual sector.

What is desirable is for the EIB to grant funds to exhibitors and for the latter to approach commercial banks to obtain guarantees.

Olivier Wotling: www.cnc.fr

The CNC has identified risks relating to the distribution and exhibition of films, and public intervention is required here. The digital revolution must not change France's screenage or the conditions that apply to the dissemination of films. All cinemas must be able to access digital technology. However, we also need to avoid a situation where the transformation of the market takes place at two different speeds. It is also important to reduce the period in which there is a dual cost as a result of the double 35 mm/digital standard.

This development needs to have a neutral impact on the distributor/exhibitor relationship. The CNC will endeavour to guarantee the diversity of screens and of the films on offer.

The CNC is proposing an adjustment to the selective aid intended for the modernisation of cinemas, which would be earmarked for expenses for digital equipment. We can see that local authorities are also motivated to offer their cultural infrastructures support with this transition.

In addition, the CNC is proposing a second tool, of the bank loan type, via the IFCIC. The IFCIC will guarantee the funds borrowed from the various commercial banks at a level of 50%. The exhibitor

would purchase the equipment and bear the costs of installation, and the resource-sharing fund would only come into play at the reimbursement stage. It is therefore necessary for the exhibitor to set out the loans and their guarantee in advance.

The third tool is the resource-sharing fund, which is charged with the task of collecting the contributions of distributors for the placement of films in digital format in cinemas belonging to the fund and of redistributing these to exhibitors. Its founding principle is the total separation of the finance generated by the resource-sharing fund for the cinema and the actual takings resulting from its programming. We do not want VPFs to bring about an increased rotation of first run films, which is why the resource-sharing fund will only focus on the reimbursement of equipment, ensuring neutrality between the distributor and exhibitor. There are 3,500 cinemas in France that are not involved in financing solutions for digital cinema and for which the resource-sharing fund could be of interest. The fund remains an alternative to the other types of financing, such as the VPF, private investment, etc. This resource-sharing fund would take care of 75% of the cost of the investment, up to a maximum of 74,000 euros per screen and of 10,000 euros for the work carried out within the venue. Part of it will be transferred to the selective aid of the CNC and the regions. A contribution to digital cinema will be paid by the distributor, which will be calculated on the first week of programming of the digital print. The amount of the VPF is estimated as being between 550 and 650 euros for films in their first week of exclusive release only. The commitment to the fund is laid down in a contract for a period of five years in order to bring about a rapid switchover. The envisaged duration of the reimbursement to the exhibitor is seven years.

A consultation has been launched amongst French exhibitors in order to find out whether they are willing to join the resource-sharing fund. The fund will have to be modified according to the wishes of the exhibition sector. All of these tools are currently being examined by the national and European competition authorities. We are waiting for them to be approved before making them operational.

Enrico Di Mambro: www.agisanec.lazio.it

In Italy, the question of the acquisition of digital equipment by cinemas has not been resolved entirely. There are national and regional public systems in place to provide aid with digital equipment. A resource-sharing mechanism has also been implemented by bringing together distributors – a kind of national VPF adapted to small cinemas. The traditional VPF systems are also being offered by third-party investors.

In 2007, the government proposed an interventionist mechanism which was amended by the EU's Directorate General for Competition. The maximum amount of the aid will be set at 500,000 euros per company. The government will provide the exhibitor with 30% of the cost of the investment, in the form of tax relief. This does not concern material assets. Thanks to this mechanism, funds can be freed up immediately. The measure will apply from 1 January 2008 to 31 December 2011.

Lazio and Lombardy, for their part, have proposed regional aid equivalent to covering 50% of the equipment costs.

Olga Raitoralova: www.mkcr.cz

The Czech Republic has annual cinema admissions of 13 million and the market share of national films is 40%. Every year 200 films are released, of which around 26 are Czech feature films. 75% of cinemas are owned by municipalities and 25 cinemas are members of Europa Cinemas. 37 screens are equipped with digital technology, out of a total of almost 500 cinemas. Ten of these screens are in single-screen cinemas, with the others located in multiplexes. Next year, 27 other screens will be equipped with digital technology thanks to the Czech support fund. Today, what is lacking is a real offering of titles in digital format, although this should soon be expanded. 3D projections are proving a significant motivating factor for exhibitors.

The Ministry of Culture has developed a database to find out the needs of cinemas in the area of digital technology so that a transition strategy can be planned. A working group made up of the

various professional sectors is already taking charge of this transition plan. It has emerged that the VPF model cannot be adapted well to single-screen cinemas, as is also the case in many small European countries. The fund will therefore cover up to 50% of the investments in digital technology per cinema, i.e. 50,000 euros per screen.

Rolv Gjestland: www.kino.no

Several weeks ago an invitation to tender was launched for the purchase of digital equipment at national level. Soon Norway will no longer have 35 mm in its cinemas. Film Kino has already been working on the coordination of this transition phase in Norway. We started by negotiating VPF agreements with the Hollywood studios. For independent distributors and exhibitors we needed to find another model that took the number of digital projections into account (60 euros below four screenings a week).

There are 400 screens in Norway.

Film Kino collects a levy on admissions and DVD sales. This money forms a fund of 12 million euros for digital equipment. A contribution of 40% on the part of distributors will be added. After eight years, the exhibitor will become the owner of the equipment. It was important to try and standardise this support system. We divided Norway into ten areas to allow us to increase the types of invitations to tender according to the size of the cinemas and their geographical zone. Mobile cinemas also benefited from this approach. Norway has therefore been a pioneer within Europe in developing digital cinema at national level.

Marta Materska-Samek: www.kff.com.pl

Half of Polish cinemas are owned by the public sector and half by the private sector. This is a legacy of the communist era. Small cinemas are tending to close as the costs of running them are too high. The local public authorities often have to support them. Today, only a city with a population of more than 100,000 people can welcome a viable cinema project.

European structural funds have been granted in order to reduce the regional disparities with regard to cinemas. The regions have been able to benefit from this within the context of developing digital technology in theatres, as cinemas form part of the leisure and tourism industry.

As part of the project to equip cinemas with digital technology a network has been set up, as has a partnership agreement based on the 2K technical standards. Within this project the European Union and public subsidies are covering 75% of the equipment costs. As it is a non-profit-making project, the cinemas that will benefit from it will not be able to post profits for a period of ten years. The project guarantees the activity of the cinemas for five years after the project comes to an end.

Thierry Hugot: www.coe.int/t/dq4/eurimages

Eurimages started to take an interest in the equipping of cinemas with digital technology in 2007 by setting up a support programme for the production of 2K digital masters. This is intended for producers whose films are already benefiting from production support from Eurimages. The aid covers 80% of the cost of producing masters, up to a limit of 30,000 euros. Since the end of 2007, 400,000 euros in aid has been awarded to 28 titles. During the first year few requests were received from producers. You are only eligible for this aid if the production of masters was not provided for in the initial production budget. In future, this production of masters will be made compulsory in order to obtain production support from Eurimages. We envisage developing a programme to support member theatres of the Eurimages-Europa Cinemas network in the area of digital equipment (Europa Cinemas member theatres that are not part of the MEDIA programme, in Bosnia, Macedonia, Serbia and Turkey). We would like to support around twenty screens by covering a third of the equipment costs, with an overall budget in the region of 800,000 euros.

Hugues Becquart: ec.europa.eu

The existing VPF model cannot be adapted to all types of cinema. Public intervention is needed. MEDIA has launched a consultation on digital technology amongst producers and agents, distributors, exhibitors and also professional associations. We would also like to gather information from exhibitors who are already equipped with digital technology to find out their experiences in this area. Based on the responses received, the European Commission will draw up a communication with a view to facilitating the transition to digital technology and the transmission of European films over this medium. This consultation will be a decisive factor in ensuring that we are aware of the costs that will result from the transition to digital technology.

Intervention on the part of MEDIA can only be justified on the basis of European programming. This new support will involve taking care of a portion of the cost of the equipment purchase, the installation, the modification of booths, the air conditioning, etc., at a level of 50% of the cofinancing. In 2010, 4 million euros should be available for this new support, which is still awaiting approval from the Finance Directorate. On the basis of 25,000 euros per screen, immediate support will therefore be able to be granted to 160 screens. This is, admittedly, a small number in relation to Europe's total screenage. Incidentally, we estimate from our side that 10,000 European screens will not be eligible for a VPF system.

We would like this support programme to be implemented for a period of 4 years. We will be publishing a call for proposals next spring.

The cinemas that cannot benefit from the aid offered by the MEDIA Plan can still turn to the European structural funds, which have a budget of 345 billion euros for the next seven years.

Christine Eloy: www.cineart.be

Cinéart is an independent distributor from the Benelux region. We are members of D-platform and Europa Distribution. Currently, we are experiencing difficulties in obtaining digital masters from producers, which is why we frequently carry out the production of masters ourselves, something that is all the more important as Belgium is a multilingual country and the master facilitates subtitling. We do not yet have any experience with the VPF, as most of the Belgian exhibitors we work with have financed their equipment themselves from their own funds. We would be prepared to pay a VPF to exhibitors for a film in its first week of national release.

Patrick Brouiller: www.art-et-essai.org

The AFCAE has been considering the issue of digital technology for the past eight years with producers, writers, distributors and exhibitors. The question of digital technology in arthouse cinemas calls for a qualitative reflection. This transition is bringing about a substantial transfer from one sector to another. It is creating significant savings for producers and distributors. Some of these savings must be used to support installation in cinemas. The period during which the digital and 35 mm formats coexist is clearly complicated for the distributor. Sacrificing a certain number of French cinemas on the altar of digital technology is unthinkable – cinemas that have contributed to the dissemination and diversity of global cinema for 20 years. Each of them is free to choose its economic model, even though the current period is weakening cinemas in terms of their admissions and finances.

Hans König: verleih.polyfilm.at

Austria has also played a pioneering role in the transition to digital technology. More than 50% of Austria's digital screens have been equipped by integrators. Those who are not part of a VPF system will have difficulty in obtaining films from distributors. These cinemas will therefore have to turn to public subsidies in order to equip themselves, as they will no longer be able to face up to the

competition presented by a cinema equipped with digital technology. A cinema that has been equipped benefits from greater programming flexibility.

Jean-Pierre Villa: veocine.fr

Véo Ciné is a network of 320 screens, with arthouse status, in the south of France that welcome an audience of 4.5 million a year. The arthouse portion of its programming represents an audience of 1.5 million a year. We are present in particular in small rural locations, small towns and suburbs. Over the past 18 months the competition from the chains present in large towns has intensified as a result of digital technology. Véo Ciné therefore also needs to install digital equipment in its cinemas. We have sought to establish a partnership with the regions and have undertaken a great deal of work to share technical knowledge. We are counting on receiving 15% from regional aid and 15% from European structural funds, which will supplement the CNC's resource-sharing fund. To this we also need to add bank loans and investments from our own funds.

We are experiencing minor technical problems with regard to the installation of the devices in the 15 chosen venues.

Distributors are demanding that we programme their digital prints as much as possible. This goes against the programming diversity of the network, which screens 1,400 different titles a year.

The VPF system, even one with a sliding scale, does not work within the Véo Ciné network. With the 35 mm format, the actual cost of 1,000 euros for a 35 mm print is spread across the network cinemas that programme it. If there are 5 cinemas, this means that the cost is 200 euros for each of them. For the same circulation, the cost of the VPF therefore remains higher. For this reason we would like to bring about a win/win relationship with distributors by modifying the calculation methods, amount and method of collection and redistribution of the VPF. The CNC's resource-sharing fund will make it possible to implement this relationship with distributors. The question of settling the cost of transporting the digital print also needs to be resolved.

We would like to convert all screens to digital technology quickly to shorten the transition period.

The final goal of our initiative relates to training and informing exhibitors.

With digital technology we are designing a modern version of the concept of disseminating the diversity of cinema in order to assist film creation.

Steve Perrin: www.cinema.uk.org

The major British chains have entered the digital era. Independent cinemas are still experiencing problems in accessing digital technology. The UK Digital Funding Group has been set up to respond to this issue. It is currently undertaking a feasibility study by consulting the Hollywood studios, equipment suppliers and third-party investors. We have not yet decided on an economic model and a legal structure. It is likely that we will set up a purchasing group in order to obtain capital for these 600 independent cinemas. We do not envisage any national public funding, given the current crisis in the United Kingdom.

SESSION 2. WORKSHOP 2: HOW CAN THE INTERNET BE USED TO PROMOTE CINEMAS AND ATTRACT NEW AUDIENCES?

- How can cinemas promote their image and content via the Internet? Exhibitors' initiatives.
- Web marketing for independent films: distributors' initiatives.
- Facebook – Twitter etc.: How can we benefit from these social networks and forums?
- Developing a “taste for cinema” among young Internet users: role of cinemas, distributors and DVD publishers.
- Are the new ways of consuming images transforming the relationship between audiences and film theatres?

Led by **Michael Gubbins** (Consultant and Journalist, UK)

Dick Penny (Managing Director, Watershed Media Centre, UK)

Andrea Crozzoli (Exhibitor, Cinemazero, Italy)

Ian Christie (Consultant, Film Historian, Vice-President Europa Cinemas, UK)

Ben Metcalf (Sales Manager, Soda Pictures, UK)

Viktor Senn (Head of Online-Marketing, Frenetic Films, Switzerland)

Régine Vial (Distributor, Films du Losange, France)

Tobias Bauckhage (Founder and Managing Director, moviepilot.de, Germany)

Frauke Feuer (Senior Consultant, Peaceful Fish, Germany)

Elizabeth Prommer (Professor, University of Vienna, Austria)

Barbara De Wijn & Dagan Cohen (Co-Directors, Upload Cinema, The Netherlands)

Axel Behrens (Head of Theatrical Distribution Dept., XK Shorts, Germany)

Alain Modot (Vice-President, Partner, Media Consulting Group, France)

Catharine Des Forges (Managing Director, ICO, UK)

Tom Fleming (Director, TF Creative Consultancy, UK)

Vincent Paul-Boncour (Distributor, Carlotta Films, Exhibitor, Le Nouveau Latina, France)

Dick Penny: www.watershed.co.uk

Once a month the Watershed Media Centre provides a half-hour podcast created by one of our staff. This podcast presents the cinema's forthcoming programme and is downloaded by many potential viewers who then comment on it using Twitter or Facebook. Our site also provides viewers with information regarding the cast and crew of upcoming films, as well as interviews with famous filmmakers. There is a large demand for this sort of material gathered from many different sources. We also focus on new talents, and put online numerous short films by young directors. The site is financed by the cinema's takings.

Ian Christie:

Internet has become an essential tool for informing the public about films, events and programming. On its site the British Film Council has published a report on the cultural impact of British cinema. In terms of duration, we see that audiences continue to visit sites, which provide information on the cinema like IMDB long after seeing a film.

The report also lists connections to YouTube for trailers or film excerpts.

The exact importance of these sites, as well as their potential for bringing audiences to film theatres, remains to be clarified.

Audiences in Austria look first and foremost to the press on the Internet for information on the cinema.

Another example is Poland, where the theatres' websites, Film Polski and the Polish Film Institute offer much information on the cinema.

Michael Gubbins:

Basically the Internet makes it easy to find out what people think of films, and provides publicity for film productions. It also allows professionals greater proximity to film audiences.

Tobias Bauckhage: www.moviepilot.de

Today the public is faced with a huge choice of films and images. Competition between the cinema and the Internet is extremely stiff. Practically a billion films are available on the Web.

Moviepilot.de was developed in 2007 for public use with the support of the MEDIA programme. It is the second-most important site in Germany in its category, and currently has the largest group of users interested in the cinema. We establish trends by analysing the reactions of 6 million viewers. Our aim is to foresee how films will be received in relation to a specific user profile.

The site must remain welcoming and friendly, and intends to finance its development notably by integrating the services of Twitter and Facebook.

We have started up a consultation with 30 German cinemas to see how effective they are at communicating over the Internet. Finally, we shall organise workshops in Germany, Spain and the UK to optimise contacts with audiences.

Frauke Feuer: www.peacefulfish.com

The pilot project *Digital Alfie* aims to constitute Internet communities linked to cinemas. Our idea is to stress conviviality between users so as to weave real friendship ties.

This project benefits from two groups of partners. The first is composed of five companies involved with technical development, financing and marketing. The second group comprises eight European exhibitors.

Digital Alfie has three objectives: to reinforce interaction between user communities, to offer cinemas protection against piracy, and to communicate information on film theatres by presenting them as places where you can meet people and share experiences.

The project notably carries out feasibility studies for the establishment of theatres, with regard to potential audiences and Internet users. Once the project has been put in place potential local partners will be consulted regarding financial participation.

Constituting and pooling these communities online will allow us to stage an event and transmit it by satellite to motivate audiences and encourage the use of digital technology in theatres.

Catharine Des Forges: www.independentcinemaoffice.org.uk

The ICO is a support agency for independent cinemas, and is devoted to encouraging demanding programming. We work together with the British Film Institute.

The ICO's site presents all films supported by the agency, as well as the cinemas – in general arthouse – where they are programmed. Our goal is to encourage both exhibitors and the general public to take risks.

In addition we organise training on arthouse cinema, because it's an area little known in the UK.

Finally, we encourage exhibitors to use Twitter and Facebook to develop discussions among users, notably on their programming.

Andrea Crozzoli: www.cinemazero.org

Cinemazero is an association, which manages a three-screen cinema. It's existed for 30 years and uses both the Internet and traditional publications. The Internet principally helps us contact young audiences.

We carry out educational activities in schools to encourage pupils to go to the cinema. In the same vein we initiated on our site a national film review competition for people 28 years old and younger. Thanks to the Internet we received 1800 reviews.

In addition to proposing a wide variety of programming information, the site provides interviews with Italian filmmakers and allows users to participate in online events such as virtual awards. Finally, the site is connected to the search engine of the Pordenone multimedia library and lists much bibliographical information.

Elizabeth Prommer: www.univie.ac.at

The first thing that must be said is that there is not just one filmgoing audience in Europe. The key is to understand the diversity of various audiences according to their preferences, generation and nationality.

As a starting point we can take the statistics in Germany and Austria. There audiences over 60 have doubled in the last ten years. In Germany young people under 29 make up half of audiences, down from two thirds in 1993. Cinema audiences are getting older, principally because of demographic evolution.

The baby boomers are great fans of arthouse cinema, and are particularly fond of political and literary films. In general, people aged over 60 prefer dramas and don't like horror films at all. For example the film *The Lives of Others* particularly interested audiences aged 50 and over. These people also see many children's films together with their children. Arthouse audiences tend to be older than average, with women outnumbering the men. Only 27 percent of those under 29 go to these film theatres.

Only four percent of audiences say they've discovered a film over the Internet, which is very low. Nevertheless the Internet plays an important role in helping people decide which film to go see. Social networks like Twitter and Facebook are mostly interesting for young people.

Vincent Paul-Boncourt: www.carlottafilms.com

Internet has become a complementary way of encouraging people to watch films, especially young generations. It helps to give them the information they need and choose the films they want to see. For distributors it's a powerful marketing and communication tool for showing trailers and excerpts. Editorial content like news and film reviews is less interesting to Internet users.

With the Internet it's also possible to download VOD movies, as well as excerpts and supplements that accompany DVD releases.

The Internet also shows how fast young people's tastes are changing. You can see this with the development of Asian cinema. The film theatre is no longer the sole location for viewing films, and the Internet keeps young people watching movies. Never before has the cinema generated so much communication.

In promoting films it's important to use all of the media available and develop the connections between them, while respecting their individual time frames.

Axel Behrens: www.xkshorts.com

XK Shorts is a distribution and communication agency for short films, founded in 1994. The company is located in Hamburg, where we also organise a festival. Our catalogue counts 380 films, which we distribute throughout the German-speaking countries.

We work with more than 500 cinemas programming 5,000 films, for a total of 8 million viewers.

The agency's website is equipped with a database, and has been available in English since the start of 2010. The site offers several distribution tools including the dissemination of short films in 2K format for theatres with 2K projection equipment. We have over 200 titles available in digital format. Cinemas must pay 1,000 euros per year to access 12 short films. We also facilitate cooperation with distributors to reduce transportation cost for prints in Europe.

Alain Modot: www.mediacaq.tv

Pixie is an application of iPhone, an image recognition programme. For example, you photograph a film poster with an iPhone and in 10 seconds you can download the trailer, excerpts and programming information for the film in the cinemas nearest you. An agreement is now being signed with UGC in France for this application which will enable users to reserve and purchase tickets. The photo of the poster doesn't have to have very high definition. 38 percent of filmgoers in France don't know in advance exactly which film they'll go see. This new channel for showing trailers also works as a tool for distributors. Every purchase of this application at an Apple Store gives distributors information on the profile of the new subscriber, who fills out a little questionnaire. When the database is more developed, distributors will be able to change a film's promotion campaign in its second week on the basis of the profiles of the first week's audiences. This application will also be developed in England and Italy.

Ivan Hronec: www.spiintl.com

SPI International is a Czech distributor for whom Europa Cinemas is an important partner. We have subsidiaries in Poland, the Czech Republic and Slovakia. In future we will also develop the circulation of films via satellite in Europe and North America, and launch a platform, a new channel provisionally called "Film Europe TV Channel" for promoting European films. This platform will provide information on European theatres, programmes and prices. Our belief is that traditional media such as television and the press play a key role in reaching out to film audiences.

Ben Metcalf: www.sodapictures.com

As a distributor we use the Internet as one link in the traditional film marketing chain. Certain films are more suited to Internet communication than others.

We had two ideas for the poster of the film *Home*, so we used a discussion on Twitter to choose it. We carried out a campaign for *Home* on the site of the daily The Guardian, where we identified an audience of film lovers and young people who clicked on the film's link. And we created a microsite indicating which theatres were programming the film. This site was mostly visited by more mature film audiences.

60 percent of people who reacted to the advertising on the site of The Guardian went to see the film, which is a strong indication of success.

Viktor Senn: www.frenetic.ch

The Swiss distribution company Frenetic Film released *Pepperminta*, the first film by Pipilotti Rist. The target audiences were women over 40 and young people. For communication purposes we used YouTube, Twitter, Facebook and Flickr. The first campaign was carried out 12 weeks before the release. Then we sped things up after 7 weeks with new weekly presentations on the Internet. We created a colourful official website very close to the tone of the film. This site showed a clip every ten seconds as well as trailers and other information. Thanks to this site we had 200 new newsletter subscriptions.

We created a page on Facebook where the fictitious personality *Pepperminta* could meet Internet users, and put the clip and trailers online on YouTube. Fans had access to photos for the film on the photo sharing site Flickr. There was little activity on Twitter for this film.

Although attendance in the cinemas was ultimately disappointing, we are firmly convinced of the need for such communication campaigns.

Régine Vial: www.filmsdulosange.fr

It is necessary that the Internet site should always be updated. The homepage must feature the film being released, the trailer, the photos, the script and an interview with the filmmaker so that exhibitors may include this information in their programmes. These elements are useful for the press, which also receives press kits. The site is also geared toward audiences and presents reviews, including foreign ones, if they're positive. We try to put the contents online if the subject is suitable. That can be very elaborate, as was the case for *L'Avocat de la terreur* by Barbet Schroeder, a film for which we had as many Internet visitors as viewers. We also use the technique of viral marketing via specialised sites. This works very well for contacting teachers and pupils. The Internet also allows us to access communities of target audiences. This isn't very expensive, but it involves a good deal of reflection. One part of our budget also goes to purchasing advertising space on the Internet. These spots can be very costly, especially on the site Allociné. It's important to start Internet publicity very early, sometimes even during the shooting.

Dagan Cohen: www.uploadcinema.net

Young audiences are increasingly interested in the Internet, and use it to watch films and view images. For that reason Upload Cinema decided to find the best programmes on YouTube and project them in theatres. We give viewers what they're looking for on the Web. The projections of these Internet films are hugely successful. We propose topics for amateur film programmes, for example remakes, ideal discourse, the fear of death, etc. These screenings, taking place on Mondays in Amsterdam, The Hague and Rotterdam, are attended by people of every age. In future we hope to propose Upload Cinema's programmes to foreign cinemas in digital format.

Tom Fleming: www.tfconsultancy.co.uk

The British Council has published reports on the contribution of Internet communication to the cinema. Cinema is no longer limited to the theatres, and our aim was to assess the revolution in how it is being perceived. Of course the film theatre has benefited from a privileged status as a meeting place and a location for exchange. Now it must find its place among the multi-platform and multi-dimensional spaces opening up with the Internet.

The Web also serves as an educational tool for reaching out to even larger audiences. The cinema will be a constituent part of these educational programmes for promoting culture and economic growth. The British government is very interested by this initiative. Time is pressing, because technologies are changing rapidly.

The cinemas that have endured the longest have been successful thanks to the diversity of their initiatives, activities and experience. Digital technology offers definite advantages, but exhibitors lack information and expertise in implementing it.

It's important to provide access to information outside the theatres. Putting contents online is one of the best channels for reaching audiences at home or wherever they may be.

SESSION 3. EUROPA CINEMAS: PROSPECTS AND KEY DATES FOR 2010

- MEDIA programme: Contract 2009/2013. Development of the Network and guidelines
- Europa Cinemas International: Support for distribution and exhibition in non-MEDIA countries and Europe
- Euromed Audiovisual: Assessment of Euromed Audiovisual 2 and prospects
- Eurimages/French Ministry of Foreign and European Affairs (MAEE): Developments and proposals
- Miscellaneous

Led by **Claude-Eric Poiroux** (General Director, Europa Cinemas)

Steve Perrin (Chief Executive, UK Digital Funding Group, UK)

Michael Gubbins (Consultant and Journalist, UK)

Fatima Djoumer (Head of International Relations, Europa Cinemas, France)

Aviva Silver (Head of the MEDIA Unit, European Commission, Belgium)

Irena Strzalkowska (Deputy Director, Studio Filmowe TOR, Polish national representative for Eurimages, Europa Cinemas Expert)

Ian Christie (Professor, Film Historian, Vice-President Europa Cinemas, UK)

Steve Perrin: www.cinema.uk.org

Digital cinemas are now a reality. However, the economic models have not yet been finalised and the producers are not sufficiently bearing the cost of digital masters. The cinemas have to group together to find financial partners and make the move. We need to find solutions tailored to the different groups and types of cinema according to the European countries. At the national level, public subsidies vary greatly from one country to another. France and Italy lead the way in this area.

Recourse to the European Commission structural funds presents a serious investment opportunity; the implication here being that the cinematographic establishments at a regional level band together to obtain large subsidies.

Even if the exhibitors no longer display such a wait-and-see attitude, a lot of educational work needs to be done and this could be coordinated by Europa Cinemas. There are still too many unknown factors regarding the use of digital in cinemas and how it is accessed.

Is it a good idea to implement a centralised buying organisation at a European level as already exists in the USA, the UK or in Australia? Europa Cinemas and the other institutions must ask themselves the question. It will only be possible for digital to become established widely in Europe if the exhibitors cooperate with one another.

Michael Gubbins:

The Internet makes it possible to interact with our audiences. Other tools are very useful in this context, such as the Pixy application for the iPhone. Internet represents a source of information. The web enables rapid word of mouth communication and makes it possible to mobilise target audiences, culminating in the creation of an online community.

The distributors mentioned the promotional power of the Internet and marketing campaigns. They progress by experience and encounter failures from time to time.

Thanks to the Internet short films find new spaces for distribution, both on the Internet and in the cinemas. People's individual experiences will have to be shared within the Europa Cinemas network to avoid repeating any mistakes.

Claude-Eric Poiroux: www.europa-cinemas.org

The Internet is encouraging exhibitors to be more creative in their work. It is quite natural that the member theatres of Europa Cinemas are continuing to show their inventiveness by making use of the Internet and its social networks.

With regard to questions relating to digital technology, Europa Cinemas is the only structured group in Europe that has undertaken a collective reflection for the past eight years. For us it seemed

necessary to avoid getting involved in the battle over standards and we were very quick to follow the recommendations of European technological institutions by adopting the 2K standard. This offers security against piracy and undeniable projection quality. As for the VPF, this is presenting itself as a reliable economic model, including for independent distributors, particularly those belonging to Europa Distribution, who are thereby confirming their position as preferred partners of our cinemas, with or without a third-party investor.

We have one reservation, however: the VPF does not provide a satisfactory solution for limited releases or for small and single-screen cinemas. In small markets, where the average number of prints per film is low, there is a risk that the savings realised by distributors will be insufficient to fund digital equipment, the cost of which is standard. Adapted solutions need to be found with public authorities. Accessing European structural funds, via municipalities and regions, could therefore help small venues in their transition to digital technology. Over a period of fifteen years we have seen only very few cinemas close within the network. There is no reason why digital technology should lead to the closure of those film theatres that are in the weakest position. We need to encourage network exhibitors to find supplementary funding to make sure that their cinemas have a long-term future. Producers and exporters will undoubtedly need to evaluate the benefits of digital technology better, even though they are having to accept the difficulties of the transition. During post-production they must take into account the interest that the entire chain has in the production of digital masters. European support for production could encourage producers to supply a digital master to the distributor to avoid delaying the dissemination of European films.

This year, we have had the honour of welcoming exhibitors and distributors from Latin America, Asia and North Africa. During this Conference, we have no doubt been unable to respond to all of their questions and concerns. I would like to reassure them today: we are only in the early stages of our cooperation and the MEDIA programme has envisaged expanding the partnerships with their geographic areas. And our practice of exhibition is something that unites us across borders. As for the content of the MEDIA programme, our guidelines have only evolved to a small extent. A partnership contract has been signed with the MEDIA programme that leads up to the end of 2012, ensuring continuity for the next four years. This contract provides, against submission of the required evidence, for an increase in the budget of 10% a year, which corresponds to a measured expansion of the Europa Cinemas network.

To encourage network exhibitors to continue their efforts, we have created a “progression bonus”, which is triggered if the cinema’s results increase by at least 0.5% in terms of non-national European screenings. This bonus will be added to the programming support and will amount to between 600 to 1,400 euros, depending on the number of screens.

With regard to the support for screenings aimed at young audiences, this has risen markedly over the past year. This is proof of the dynamism our cinemas are showing in the context of this strategic initiative.

The support for digital cinema will grow, according to the number of screens equipped. Twenty-five network cinemas benefited from it in 2008. We believe that this incentive is essential in order to support the circulation of European films in digital format, against the background of strong competition from the American offering.

I would like to make one last comment on the subject of the cinemas that have joined forces as mini-networks within Europa Cinemas. This is an initiative that is very much appreciated, especially by cinemas in small towns, which are therefore able to link up to benefit from our support. Europa Cinemas currently boasts 10 mini-networks. The Access network, in Ireland, is a genuine success story, which, incidentally, will be able to serve as an example in many countries in which we are present. This is one way in which the dissemination of European cinema can be given extensive support.

Fatima Djoumer:

There are two strands to Europa Cinemas International. One area concerns the countries in the Mediterranean zone, Asia and Latin America (known as the partner countries), and the other area

focuses on Europe. In the partner countries, there is funding for distribution and programming of European films. On a European level, there is funding for Europa Cinemas film theatres for programming films from partner countries.

For 2010, 725,000 euros will be earmarked for distribution funding of European films in partner countries. The aim of this support is to encourage distributors from partner countries to buy European films and to invest in promoting these films.

Since its inception in 2004, funding for distributors from the partner countries has enabled them to increase the number of prints for release and also the budget for sales campaigns.

Films eligible for distribution funding must not have been made before 2005. Their production budget cannot exceed 25 million euros; this is to foster diversity and to give priority access to small films from small producing nations.

Distribution funding is capped at 50 % of the distributor's net budget for the release of the feature film. In 2010, the scale of funding will range from 6,000 euros for a release of two to five prints to 20,000 euros for a release on over twenty prints.

To this day, thirty-nine distribution companies have already been supported in nine partner countries. Nearly two hundred film releases have received this aid, representing one hundred and fifty different titles from fifteen European countries.

Programming funding, destined for cinemas from partner countries and network theatres belonging to Europa Cinemas, has a budget of 900,000 euros.

It is calculated in relation to the number of films programmed and is capped at 0.5 euros per cinema admission.

In the partner countries, the cinemas have to programme at least one daily screening for a European film over a period of two consecutive weeks. The European exhibitors, for their part, have to programme a film from a partner country every twenty-one or twenty-eight screenings, according to the country they are in, over a period of two consecutive weeks.

In 2009, the maximum annual funding to the cinemas in partner countries is 1,000 euros per film, 7,500 euros per cinema and 10,000 euros for an exhibition network. In European countries, funding for exhibiting is between 400 and 500 euros per film, 2,000 euros per cinema and 4,000 euros for an exhibition network.

In 2010, sixty cinemas will be partners in Asia, one hundred and four in South America, nineteen in the Mediterranean basin and three hundred and forty-two in Europe.

Three million admissions were realised in 2008 in Europe in the Europa Cinemas network for films from partner countries, representing box office takings of seventeen million euros.

We would like to develop support for young audiences in the partner countries. This 14th conference, welcoming to Warsaw around fifteen professionals - distributors and exhibitors - from partner countries, makes it possible to establish the real picture concerning the Europa Cinemas International network.

Aviva Silver: ec.europa.eu/information_society/media/

The MEDIA programme supports European films, strengthens their competitiveness and helps them to find their place in the cinemas. MEDIA has shown the way to the member states who have sometimes replicated its support system. The Europa Cinemas network, with 2,000 screens, represents the concrete aspect of MEDIA, its largest project and success.

The MEDIA budget is 100 million euros per year, of which 10 % is earmarked for Europa Cinemas. MEDIA International stems from UNESCO's work on diversity and cultural cooperation at an international level. When it started, in 2008, its budget was two million euros. In the context of MEDIA International, the logical next step was to create an exhibition network and international distribution between Europe and the partner countries. This programme is already a success and the parliament awarded it a budget of five million euros in 2009. Its financing is effective until 2013 and this despite the international economic crisis which illustrates the importance of the project in the eyes of the European Union.

The European Union is now closely interested in the use of digital in cinemas. It has published an information document on potential aid, in particular the structural funds which can be used by the local and regional bodies.

Hugues Becquart spoke of the significance of the discussion started by the European Commission with the exhibitors. Their responses will determine the existence of the project for digital at the European level.

Claude-Eric Poiroux:

Sufficient use is not being made of the structural funds. The exhibitors of the Europa Cinemas network need to encourage local and regional public authorities to apply for these funds in order to deploy digital technology in cinemas. If the MEDIA programme establishes support for equipping cinemas with digital technology, we will, of course, argue that the network's cinemas should be considered a priority, specifically because of their commitment to European cinema.

Aviva Silver:

The cinemas of the Europa Cinemas network will naturally have priority when it comes to the European aid for equipping cinemas with digital technology. The bonus that you already grant for digital programming will be able to remain in place, provided that it does not double up with other forms of digital support.

Antoine Virenque:

It is still essential for exhibitors from the Europa Cinemas network to raise awareness of their work among European members of parliament. It is necessary to get them to visit the network cinemas so that they can become aware of the budgetary requirements of Europa Cinemas.

Claude-Eric Poiroux:

A Euromed 3 programme is being prepared for 2010, which will have a value of 11 million euros. Europa Cinemas will ensure that it participate in this programme. To make up for the end of Euromed 2, via MEDIA International we have created the EuroCineMed programme, which supports, in particular, three festivals in the south of the Mediterranean region: in Cairo, Haifa and Rabat. Its resources are modest but allow us to ensure a minimum level of continuity. Europa Cinemas also supports cinemas in Ukraine, Russia, Armenia, Belarus and Kazakhstan. The funds that make up this support come exclusively from the French Ministry of Foreign and European Affairs. In 2011 we hope to include these countries in MEDIA International.

Irena Strzalkowska: www.coe.int/t/dg4/eurimages/

A specific fund is going to be set aside by the Polish Film Institute for the restoration of heritage films in digital. The Eurimages programme and the producers have got to show greater interest in support for digital, regardless of whether this concerns production or distribution. It will ensure longevity to the feature films. Eurimages has created a new programme for the creation of a network of exhibitors called Eurimages Cinemas Network. There is a sum of 800,000 euros available for the period 2010-2011, which is already set to include Albania, Bosnia, Macedonia, Serbia and Turkey.

Ian Christie:

I will report back on the work of this Conference to Claude Miller, President of Europa Cinemas, who regrets that he has not been able to join you here in Warsaw due to his filming commitments. We have discussed the topical themes of digital technology and the Internet in depth. The conclusions of this Conference will not only affect our cinemas in Europe, but also those that Europa Cinemas supports thanks to the partnership programmes launched by the Commission at international level. It is a well-known fact that cinema has no boundaries!