

ADJUSTMENT OF MEDIA GUIDELINES 2021 FOLLOWING COVID-19 CRISIS

B Countries: Austria, Belgium, Czech Republic, Denmark, Finland, Greece, Ireland, Iceland, Liechtenstein, Luxemburg, the Netherlands, Norway, Poland and Sweden

A. OBJECTIVES

- ♦ Increase and diversify programming in cinemas for European films and raise attendance for them, with a priority on non-national films.
- ♦ Encourage European exhibitors in their initiatives to attract Young Audiences.
- ♦ Develop a network of cinemas that can set up joint activities at the national and European level.
- ♦ Encourage innovation in the promotion of films and communication with the audiences.

B. SUPPORT SCHEME AND DISTRIBUTION OF FUND

The main support is awarded in increments ranging from 15,500€ for one screen, to 73 000€ for 30 screens. Consequent to the COVID-19 crisis, Young Audience screenings have been totally or partially cancelled all over Europe.

Therefore, Young Audience support is exceptionally not awarded in 2021 and 100% of the overall support is granted for a principally non-national European programming, calculated on the number of screenings.

- **Bonuses can be granted in addition to the main support:**
 - A **bonus for diversity** in the number of different European nationalities present in the programming,
 - A bonus for films that have been awarded the **Europa Cinemas Label**

Payment of the 2021 support shall be made after examination by the April 2022 Validation Committee and following approval from the European Commission.

C. SUPPORT FOR EUROPEAN PROGRAMMING

Abbreviations: SENN - Non-National European Screenings / SE - European Screenings

A countries: France, Germany, Italy, Spain, United Kingdom.

B countries: Austria, Belgium, Czech Republic, Denmark, Finland, Greece, Ireland, Iceland, Liechtenstein, Luxemburg, The Netherlands, Norway, Poland, Sweden.

C countries: Croatia, Hungary, Portugal, Slovenia and Slovakia.

D countries: Albania, Bosnia and Herzegovina, Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Macedonia, Malta, Montenegro, Romania and Serbia.

The four country categories were determined based on: production volume, number of theatres, average ticket price and market share of European and national films. As concerns D countries: the low amount of cinemas present in the network from these countries was also taken into account.

1. Scale for the main support

To receive support for their programming, cinemas must schedule enough screenings to meet or exceed the limits set out in Table 1 (columns 1 and 2), depending on the number of screens and the objectives mentioned in the signed agreement with Europa Cinemas.

Programming support is **pro-rated according to the number of screens achieving a SENN of 25% if they have between 2 and 10 screens, or 30% if they have 11 screens or more, after the overall results of the screens covered by the same agreement have been averaged. For single-screen cinemas, the SENN must be a minimum of 15%** (Table 1, columns 3 and 4).

SENN maximums by nationality:

Should different films of a single nationality make up a significant portion of non-national European film screenings, they must not exceed:

- 33% of SENN for cinemas or groups of cinemas with more than 5 screens,
- 50% of SENN for cinemas or groups of cinemas with 2 to 5 screens,
- 66% of SENN for 1-screen cinemas.

Table 1: B Countries: Austria, Belgium, Czech Republic, Denmark, Finland, Greece, Ireland, Iceland, Liechtenstein, Luxemburg, the Netherlands, Norway, Poland and Sweden

| SCALE FOR SUPPORT BY NUMBER OF SCREENS - B Countries | | | | |
|--|--------------------------------|--------------------------------------|--|--|
| Thresholds for Support | | | Amount of Support | |
| Total number of screens under one Agreement | Minimum SE % for one Agreement | Minimum SENN % per screen subsidised | Number of subsidised screens under one Agreement | Maximum annual support for one Agreement |
| 1 | 45% | 15% | 1 | 15 500 € |
| 2 | 44% | 25% | 2 | 18 000 € |
| 3 | 43% | 25% | 3 | 20 500 € |
| 4 | 42% | 25% | 4 | 23 000 € |
| 5 | 41% | 25% | 5 | 25 500 € |
| 6 | 40% | 25% | 6 | 28 000 € |
| 7 | 40% | 25% | 7 | 30 500 € |
| 8 | 40% | 25% | 8 | 33 000 € |
| 9 | 40% | 25% | 9 | 35 500 € |
| 10 | 40% | 25% | 10 | 38 000 € |
| 11 | 40% | 30% | 11 | 40 500 € |
| 12 | 40% | 30% | 12 | 43 000 € |
| 13 | 35% | 30% | 13 | 45 500 € |
| 14 | 35% | 30% | 14 | 48 000 € |
| 15+ | 35% | 30% | 15+ | 50 500 € |

As of 15 beneficiary screens under the same Agreement, each additional beneficiary screen will generate 1,500€ incrementally. The maximum amount payable per Agreement cannot exceed 73 000€.

Degressivity measure:

This degressivity measure established in 2015 applies to all cinemas having joined the network over ten years ago (first agreement signed in 2005).

Beyond these 10 years and for the following ten years, the support will be reduced by 1% per year (i.e. 1% of the *total* amount – programming support, diversity, Young audience support included).

Therefore, in 2021 the following reductions apply:

- 7% to cinemas having joined the network in 2005 or earlier,
- 6% to members since 2006,
- 5% to members since 2007,
- 4% to members since 2008,
- 3% to members since 2009,
- 2% to members since 2010,
- 1% to members since 2011.

2. Bonus Scale

2.a. Bonus for diversity of programming

In order to encourage exhibitors to diversify the countries of origin of the films shown, a bonus can be granted according to the number of **European** countries represented in the programming. The bonus ranges from 1 to 20% of the programming support and is awarded if there are at least **11 European nationalities** in their programming. For a nationality to be considered, it must have **at least 3 screenings** (Table 2).

Table 2: B Countries: Austria, Belgium, Czech Republic, Denmark, Finland, Greece, Ireland, Iceland, Liechtenstein, Luxemburg, The Netherlands, Norway, Poland, Sweden

| Number of European countries represented | Bonus |
|---|--------------|
| 11 - 12 | 1% |
| 13 - 14 | 2% |
| 15 - 16 | 3% |
| 17 - 18 | 4% |
| 19 - 20 | 5% |
| 21 - 22 | 6% |
| 23 - 24 | 7% |
| 25 - 26 | 8% |
| 27 - 28 | 9% |
| 29 - 30 | 10% |

2.b. Europa Cinemas Label Bonus: encouraging screenings of films that have earned the Label

The Europa Cinemas Label is awarded to a European film by a jury of exhibitors at 5 different festivals: Berlin, Cannes, Karlovy Vary, Locarno and Venice. In order to consolidate their success, Europa Cinemas encourages member exhibitors to include these films in their line-up and to extend their run.

Modalities of the Bonus:

From the second week of programming and 14 screenings, every screening counts twice in calculating the cinema's percentage of Non-National European Screenings.

3. Matching Fund

The purpose of the Matching Fund is to balance the support received and the cinema's investment: the amount awarded to the exhibitor cannot exceed his own investment.

In order to respect this principle, the programming support payment cannot exceed, exceptionally in 2021, €1 per admission to European films.

D. DEFINITIONS

European films:

"European films" are fictional works or programmes lasting at least 60 minutes, as well as works of animation and documentaries that meet the MEDIA criteria and are for the majority produced by one or more producers

resident(s)/citizen(s) of one or more MEDIA countries and are created with a significant participation of professionals established in states participating in the MEDIA programme / Creative Europe.

| | |
|------------------------|-----------------|
| Albania | Latvia |
| Austria | Liechtenstein |
| Belgium | Lithuania |
| Bosnia and Herzegovina | Luxembourg |
| Bulgaria | Macedonia |
| Croatia | Malta |
| Cyprus | Montenegro |
| Czech Republic | Netherlands |
| Denmark | Norway |
| Estonia | Poland |
| Finland | Portugal |
| France | Romania |
| Germany | Serbia |
| Greece | Slovak Republic |
| Hungary | Slovenia |
| Iceland | Spain |
| Ireland | Sweden |
| Italy | United Kingdom |

| MEDIA | Points |
|------------------------|---------------|
| Director | 3 |
| Screenwriter | 3 |
| Composer | 1 |
| Leading role*° | 2 |
| 2 nd lead*° | 2 |
| 3rd lead*° | 2 |
| Artistic direction | 1 |
| Image* | 1 |
| Editing | 1 |
| Sound and mixing | 1 |
| Filming location | 1 |
| Laboratory | 1 |
| TOTAL | 19 |

* Excluding animated films

° Excluding documentaries

For further details please see:

https://ec.europa.eu/programmes/creative-europe/content/creative-europe-participating-countries_en

All films made for promotional purposes, all pornography or works which incite to racism or violence are strictly excluded.

National/Non-National European Film:

A European film is considered a national film in the country participating in the MEDIA / Creative Europe programme whose residents/citizens participated for the majority in the elaboration of the film. It is considered non-national in all other countries.

In the impossibility of determining the leading nationality of a European co-production, it will then be considered a European non-national film in all European countries.

Cinemas:

A “cinema” defined as a commercial venture with a single or multiple screens grouped together on one site under one name. **Should screens be on several different sites within one municipality but depend on a single managing/programming body, they are considered to be a single establishment and therefore covered by a single agreement.**

Mini-networks:

Cinemas within one country that wish to be counted together in order to reach the minimum admissions and screening levels and that meet the programming goals set in the guidelines can cooperate as a mini-network, pooling their results. These cinemas can be represented by a single coordinating and/or programming body.

A “network leader” is designated in keeping with the agreement signed by participating exhibitors whose names and cinemas must be explicitly mentioned. The “network leader” is the person who will sign the agreement with Europa Cinemas and the one who is delegated to receive the support

With regard to the distribution of support within mini-networks, programming support must be shared proportionally to each cinema’s results in the area of Non-National European Screenings. Europa Cinemas will ask the network leader for proof of payment to the co-beneficiary(ies).

E. APPLICATIONS TO BECOME PART OF THE EUROPA CINEMAS NETWORK

The network is open to all cinemas that meet the following criteria:

- **European commercial cinemas*** open to the public since the last 6 months at least, with a ticketing system and officially declared income, technical equipment up to professional standards and safety conditions that meet national legislation.

** European commercial cinema: business, corporation, association (or any other type of legally declared entity) owned, either directly or by majority participation, by residents of countries participating in the MEDIA programme and established in these countries. Pornographic cinemas are excluded.*

- **Minimum number of annual screenings for permanent cinemas: 520**

A reduced limit of 370 screenings is accepted for single-screen cinemas or cinemas operating under particular conditions (in regions with very few cinemas, multi-function establishments with reduced but regular programming, etc.).

For outdoor cinemas, a minimum of 30 screenings a month is required.

Seasonal touring cinemas and itinerant networks must provide evidence of at least 200 screenings a year.

- **Programming of recent films:** The network can include first-run cinema establishments that show recent European films, within 12 months of their national release. At least 70% of all European screenings must be of first-run films.

- **Minimum number of seats per establishment: 70.**

- **Minimum number of seats per screen in cinemas with 2 or more screens: 50.** If a cinema has one or more screens with seating for less than 50, these screens will be counted so as to reach the required minimum of 50 seats. Europa Cinemas thereby reserves the right to sign an agreement counting fewer than the actual number of screens.

- **Minimum number of admissions over 12 months:**

- **25 000** tickets for Austria, Belgium, Luxemburg and the Netherlands.

- **15 000** tickets for Czech Republic, Denmark, Finland, Greece, Ireland, Iceland, Liechtenstein, Norway, Poland and Sweden.

- **Mini-networks:** Cinemas that wish to work together in mini-networks must meet the European programming criteria individually. Acceptance of mini-networks is given priority in countries/regions where Europa Cinemas is under-represented.

The application file can be downloaded on the Europa Cinemas website. The following elements must be enclosed and sent within the specified deadline:

- the complete information sheet identifying the cinema,
- detailed programming of the last 6 months,
- copies of every publication or brochure from the cinema,
- statement of revenue made to the distributor,
- recent colour photos of the cinema and the exhibitor,
- an official document confirming the registration of the exhibition company (company registration certificate, chamber of commerce extract, etc.).

An incomplete or late application may be refused.

The October Validation Committee analyses applications from cinemas wishing to become members of the network. Are selected those which fulfil the network admission criteria.

The Validation Committee considers the following criteria when making its decisions:

- the cinema's performance in terms of numbers of admissions and events,
- the total percentage of European programming evaluated with regards to the market conditions in the area,
- the geographic balance of cinemas in the country and region with priority given to national and regional capitals, university towns, key cities for spreading cinema, mid-sized cities that are strategic for economic, geographic or

cultural reasons. Particular attention is granted to countries or regions with low production capacity and/or that are restricted linguistically or geographically. In these countries, formation of mini-networks of cinemas is encouraged.

Applications accepted by the members of the Validation Committee in October take effect on the 1st January of the current year.

Should a member cinema be very far off the percentages stipulated in the contract or fail to send their programming for three consecutive years, the cinema will exit the network.

F. OBLIGATIONS AND VISIBILITY

Cinemas that are members of the network commit to:

- signing an Agreement for at least 1 year of European programming following the established criteria,
- making public their membership to the network and the support of MEDIA by:
 - Visibly displaying the EUROPA CINEMAS / MEDIA signboard in the theatre's foyer.
 - Running the EUROPA CINEMAS / MEDIA animated logo before each screening.
 - Including the following legible text on their website, on all advertising material and documentation published: EUROPA CINEMAS - Creative Europe / MEDIA.

IMPORTANT: the exhibitor's failure to duly respect these undertakings, without supplying justifiable cause, can lead to the suspension or cancellation of the support.

- setting up initiatives for Young Audiences of European cinema,
- taking part in joint activities at the European level and contributing to their shared financing,
- setting up an internet site,
- ensuring the best conditions for the public, comfortable screening, quality projection, promotion and visibility,
- providing Europa Cinemas regularly and at least once a year with the following information:
 - titles of all films on the programme,
 - number of screenings for every film,
 - number of admissions and ticket sales (Box-Office) for every film.

This detailed information should be sent to Europa Cinemas through the Member Zone page on Europa Cinemas' internet site, a secure and confidential space. This will allow the Validation Committee to calculate and pay the annual financing support the cinemas are to receive as long as the conditions of the contract are kept.

G. DEADLINES

For applications: this deadline is clearly communicated by Europa Cinemas, the European Commission and the Media Desks. It is 15th September, 2021. The application will be available online in July 2021.

Applications will be analysed by the Europa Cinemas team and submitted to the Validation Committee. Cinemas will be informed of the final results following the Committee meeting.

For annual programming reports: this deadline is communicated by Europa Cinemas to its member cinemas. Programming reports for 2021 must be sent before the end of January 2022.

The reports will be analysed by the Europa Cinemas team and submitted to the Validation Committee in April 2022. The Committee will examine the programming reports as well as the applications that were carried over from the previous October. Cinemas will be informed of the final results for acceptance into the network following the Committee meeting.

Cinemas will be informed of the decision regarding their support after examination and decision of the Validation Committee and the Steering Committee, and subject to validation by the European Commission. The sum ultimately paid on the basis of each Agreement will depend in particular on the global financial package received from the European Commission, and on the number of theatres that are members of the network and receive financial support from Europa Cinemas. If the total amount due is superior to the available budget, each amount of support will be pro-rated.

INTERNAL REGULATIONS 2021 - PROGRAMMING

1 - Payment of the support

Catch-up measures for support: If a cinema falls short on the European Screening (%SE) threshold by maximum 10%, it will benefit from a catch-up measure that represents 50% of the general programming support (Table 1)

Should common results under a **joint agreement** or for a **mini-network** (agreements covering several film theatres) prove insufficient, film theatres may be examined separately by applying the criteria in the guidelines. Support will then be given solely to the film theatres achieving the expected percentages, said support corresponding to the number of screens in question. This measure also applies to support for Young Audiences.

In the case of partial payment of support, the **diversity bonus** will be paid at the same percentage as the main support.

Should in some countries the specific situation or an important market variation come to lower the national and European market shares by more than 8 points, the support scheme for Countries C and D will apply to Countries A and B, concerning the SENN, while the SE threshold will be lowered by 5 points. In Countries C and D, both criteria will be lowered by 5 point

2 - Ceiling of one euro maximum per European admission

The ceiling of one euro per European admission is shown on the summary sheet and used to calculate the maximum amount that may be paid to a film theatre for its recorded admissions to European films (excluding Young Audiences).

This ceiling will be applied if lower than the maximum amount of support that can be paid to the film theatre.

3 – Reminders

- **Outdoor film theatres and seasonal tours:** outdoor film theatres and seasonal film theatres will have their support pro-rated on the basis of their period of operation for single-screen theatres. For agreements covering several film theatres or screens, the number of screens under contract shall be calculated according to the period of operation during the year (for example, a summer film theatre and a winter film theatre may constitute a single screen under the terms of the agreement). This case applies mainly in Greece.

- **Conservation conditions for network film theatres:** A film theatre whose results do not reach the contractual percentages or which has not submitted its programme for three consecutive years will be excluded from the network. This decision shall be validated during the meeting of the Validation Committee and film theatres shall be informed accordingly thereafter. An inactive member cinema (no communication with Europa Cinemas, extended closure period, etc.) during three consecutive years will also be liable to exit the network, upon decision of Europa Cinemas.

A film theatre exits the network the same year this information is being communicated.

If a film theatre leaves the network, it may apply again to the network.

- **Division of a Common Agreement/mini-network:** film theatres which are part of a common Agreement or a mini-network may decide to split (and therefore beneficiate from individual Agreements) if both parties involved communicate their intention to Europa Cinemas and subject to sufficient programming results. Their division will be taken into account for the signing of the upcoming Agreements.

EUROPA CINEMAS – President Nico Simon, General Director Claude-Eric Poiroux
54 rue Beaubourg, F – 75003 Paris FRANCE – Tel. +33 1 42 71 53 70 – Fax. +33 1 42 71 47 55
<http://www.europa-cinemas.org> – E-mail: info@europa-cinemas.org

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