

EU Film diversity: its future on video-on-demand



Breakfast-debate on Tuesday 27 June 2017 at the European Parliament

Organised by the European Coalitions for Cultural Diversity - ECCD

Hosted by **Bogdan Brunon WENTA**, MEP

Chaired by **Carole TONGUE**, President of the European Coalitions for Cultural Diversity

Invited speakers:

Peter DINGES, President of the EFADs, CEO of the German Federal Film Board (FFA)

Radu MIHAILEANU, Film director and screenwriter

Rosina ROBSON, Director of Nations & Regions, PACT, Producers Alliance for Cinema & TV

Participants at this “working” breakfast discussed current **EU reforms that will have a major impact on film and television funding and thus also on cultural diversity.**

These reforms are both important and urgent since the arrival of new internet actors and particularly video on demand:

- The VOD market is increasing by €1 billion per annum
- Subscription VOD services are in the markets for the acquisition, production and ordering of content. This impacts the entire value chain of content production, increasing production costs and competition for exclusive licenses
- New VOD players are thus in competition with traditional broadcasters who are obliged to invest significantly in local/European film production

Therefore, **how can we ensure the future of our funding model for European films in order to increase cultural diversity on our screens?**

The EU offers some solutions: **The MEDIA Programme supports the distribution and exhibition of European film** and **the Audiovisual Media Services Directive (AVMS)** encourages Member States to preserve their own film funding schemes and to involve online media services in the promotion and the funding of EU films and programmes.

However, **the geoblocking regulation proposal**, under discussion by MEPs, is controversial: European film creators and workers defend territoriality which they believe is at heart of their film funding model. While some MEPs disagree. So how do we get greater circulation and cultural diversity?

What is at stake?



“

Films have the biggest potential to promote cultural diversity, to teach us about the history and traditions of our neighbours. For these reasons it is crucial to improve the distribution and promotion of European films.

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Bogdan WENTA

If a film can't be sold territory by territory, the whole value chain will be impacted from production through distribution to cinemas etc. The whole structure is at risk.

Unfortunately, there is today no European actor that is able to buy a film for every territory.

How are films financed?


Production financing is done through a **complex patchwork** from a variety of sources:

- Public funding and Pre-sales

Public funding may only be a fraction of the total budget but it's often a trigger to attract private investors to the production.

In Europe, films are considered not only as entertainment, but powerful communicators of our stories, our values and our identities. They enable us to have a democratic conversation. Therefore, public money is justified.

Pre-sales represent around 20% of a film budget. Without that money, films can't be made.



26%

of the budget of
Ken Loach's
"I, Daniel Blake" are
public subsidies

- Coproduction

“ *Multi-party financing represents a degree of market validation for a project and provides a strong chance for a theatrical release in the relevant territory.* ”

Rosina ROBSON



“ *As a director, we certainly dream of our films being seen by many people but before that, we dream of making our films.* ”

Radu MIHAILEANU

Focus on the EU regulation proposals and the MEDIA programme

- Broadcasting regulation

Territorial licensing is the basis of the European film industry. Undermining it will have an impact on financing, distribution, marketing and co-productions, which are essential to enable the smaller EU countries to make films.

“ *If co-producers were deprived from enjoying the benefits of effective exclusivity in their territory, it is likely that co-productions would reduce.* ”

Rosina ROBSON



- Audiovisual Media Services Directive



“ *To improve cultural diversity, it is also essential to make films visible. Online platforms play an important role in this respect.* ”

Peter DINGES

The revised AVMS directive considers that online VOD companies benefitting from European content and the EU market should, like broadcasters already do, also invest in and carry more local films/programmes. This is a fair proposal. It is a question of equal treatment. Also in Germany there is a levy which asks VOD operators to pay 2% of their turnover to the German film fund for investment in local film.

- Creative Europe MEDIA Sub-programme

Expanding the audience for European films (including through subtitling), and increasing support for international co-production, promotion, and distribution should be the two targets of public funding. Keeping or increasing the budget is important for the future of the Creative Europe MEDIA programme.

CONCLUSION by Carole Tongue

“In regulation, we need a level playing field. We want the possibility for countries to have **cultural sovereignty** and to be able to support their film/programme industries. Territoriality should not be threatened. In addition, there should be a **better distribution of wealth across the internet economy with more going towards local creation, creators and creative workers**.

We do not wish to be antagonistic towards new players, but rather bring them into the discussion and convince them that their long term commercial interest is to work with us in creating a greater audiovisual diversity and larger and more satisfied audiences”.



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