

The challenges for European audiovisual policy

Note of presentation to the Committee on Culture, Youth, Education and the Media, European Parliament, 16 March 2004

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Introduction

I am making this statement in a personal capacity: I am an advisor to the UK Film Council but I am not its spokesman.

This statement is nevertheless informed by my work on behalf of the UK Film Council and for the European Film Agency Directors' network, set up in May 2002; this network brings together the heads of the film agencies and their representatives from all the EU15 member states and (so far) from seven of the ten new member states.

The Committee has indicated that my intervention should cover a number of issues: technological convergence, the impact of EC directives and the need for an EU audiovisual policy. I hope that what I have to say does address these matters but I wish to step back a little to consider whether the terms of the debate need to be adapted in the light of the experiences of the last years. In particular, if we go back to, say, 1998, I think that we had a very technologically-driven view: digital technologies, notably the internet, were set to transform the way the audiovisual sector worked. Seven years on, I would say that it is doubtful that this view still prevails. Likewise, when the Television Without Frontiers Directive was finalised in 1989, I think it was assumed that broadcasting was becoming an increasingly trans-frontier enterprise; 15 years later, I would say that this assumption has not been verified.

My final prefatory remark is that there are several profound contradictions at the heart of European audiovisual policy. The first is that, while the promotion and preservation of cultural diversity is seen by the European Union as a *positive* principle, it is mainly articulated in *negative* terms: state aids, exemption from trade rules, subsidiarity. In other words, culture is often presented as a reason for qualifying the legal, economic and political principles of the European Union, not as a way of taking forward those principles. Consequently there is a tension, for example, between audiovisual policy and trade policy, or competition policy, or European integration.

The second contradiction is that, in relation to cinema, the European Union, through the MEDIA programme, spends around 70 million euros annually to support film (i.e. nearly the entirety of the MEDIA budget), while member states spend (if we include the cost of compulsory investment by broadcasters and tax incentives for investment in European film production) around 1.5 billion euros. And yet the debate – for example about the future of the MEDIA programme after 2006 – seems to have as its premise that it is the actions of the European Commission that are driving film policy in Europe.

Similarly – and this is a third contradiction – in terms of interventions in the audiovisual sector, the MEDIA programme is dwarfed by other European programmes, notably Information Society, Regional Development, Fifth and Sixth Frameworks. And yet there does not seem to be a coherent European audiovisual policy covering these other facets of EU activity.

So the two basic questions I wish to address today are the following

- How can the purposes and the operation of national and European audiovisual policies better complement and reinforce one another?
- Can European audiovisual policy be better accommodated within general European policy?

Some ground–setting reflections on the character of Europe’s audiovisual sector

Most of what I have to say today relates to cinema: this is the sphere in which I am most actively engaged. But I am always mindful that cinema is a subordinate part of the audiovisual sector, especially in Europe. We sometimes lose sight of this fact because cinema occupies such a prominent place in audiovisual policy. This proposition relates not only to the audiovisual sector as a whole but also to public intervention in the sector. The start of any discussion about audiovisual policy should be television, and especially public service television. I can remember – it is less than twenty years ago – when the generally–held assumption was that with the liberalisation of television markets, public service television would quickly decline to become like PBS in the United States. Even seven years ago, when I was taking part in a research project for the European Broadcasting Union on the future of television programming, it was assumed, notably with the advent of digital pay television, that public service broadcasters were being consigned to an ever more marginal role in the market place. But in 2004, in almost every European country, public service television has effectively monopoly status (I am using the term, monopoly, in the technical sense of being able to set prices without reference to competitors). I do not have up–to–date figures but my assumption would be that, across the European Union, public service broadcasters account for significantly more than 50% of audiovisual revenues and an even larger percentage of investment in audiovisual production. So my starting premise is that any discussion of audiovisual policy in Europe or of European audiovisual policy must take as its starting point the role of public service broadcasters. And the principal policy challenge is that public service broadcasters contribute little to the advancement of the key terms of European audiovisual policy: neither to the policy areas that directly concern them – the circulation of programmes from other member states, the development of the independent production sector, the creation of a market for television services from other member states – nor to more general policies, such as those associated with enlargement or cultural exchanges outside of Europe . The public service broadcasters are – with the notable exceptions of Eurosport, Euronews and, outstandingly, Arte – dedicated by and large to their national cultures in their own countries and amongst diaspora communities. This is not to detract from the importance of services like TV5, 3Sat and BBC World but it serves no useful purpose to exaggerate either the centrality or the impact of these trans–national services.

Another fact of which it is easy to lose sight is that European cinema is also primarily a public service enterprise. We lose sight of it because we are accustomed to think of a “film industry” that comprises a small number of integrated, national firms (Gaumont, UGC, Pathé, Nordisk, Medusa, Lusomundo, Constantin etc.), a large number of small operators in production, distribution and exhibition, and then, ruling the roost, the Hollywood Majors. But in many respects, the market for European films and that for the “global” films are distinct. The same person may consume both but the substitutability of the European films and the “global” films is limited. Indeed, the substitutability of national films and films from other European countries is hardly less limited than, say, the substitutability of national television programmes and programmes from other European countries. European films tend to be publicly-funded – out of dedicated film funds and by public service broadcasters – and shown in cinemas or on television services that are also publicly-funded. Without public funding, there would no more be European cinema than there would be European theatre, opera, libraries or museums (or education). In short, like public service television, European cinema exists because of political will and public policy.

Some close colleagues take issue with this view. They would wish to emphasise that European Cinema exists not only because of public policy and political will, but also because of talent, industry and risk-taking. They warn about exaggerating the public realm at the expense of the private one. Even so, the more I think about it, the more I believe that, in Europe, we have developed a model of “public” cinema and we must reflect deeply on the ramifications of that model.

Finally, in terms of setting the scene for addressing the two questions I have posed, as well as Culture Committee’s agenda, I would suggest that we must set aside the notion that the character of audiovisual culture is being transformed, or is about to be transformed, by technological convergence. We are likely to forget how strongly this notion was held until three years ago, when telecoms operators had bid billions of euros for third generation mobile licences, when hundreds of millions of euros had been poured into services like Vodaphone’s and Vivendi’s Vizzavi and AOL Europe, when broadband services were being rolled out. The notion was underpinned by a faith that new services would not only displace traditional services but would also unlock new revenue streams, that the trend in consumer expenditure on audiovisual services was somehow disconnected from overall trends in consumer expenditure. Even the Hollywood majors are having to adapt to the collapse of this notion; there may be a question of whether they can.

So the reality that we need to address is that Europe’s audiovisual culture is essentially a public service affair. It is also essentially a national affair. And the economics of the audiovisual sector are not about to change very much or very quickly.

How can national and European audiovisual policies that complement one another

It would not be unfair to characterise the prevailing national film policy regimes as a struggle to reconcile their primary aim – to support indigenous production – with the more general aim of helping to build a strong European audiovisual industry and a vibrant European audiovisual

culture. The key terms of the UK Film Council's "Stage 2" proposals, announced in November 2002, are distribution, training and infrastructure. But what is intended is distribution-led production, training mainly in production skills, and infrastructure, also mainly for production. Significant public funding is channelled into the maintenance of the national film archive and into art-house exhibition; smaller amounts are devoted to education. The situation in other member states is broadly similar.

However, the focus is gradually shifting to encouraging co-operation between film-makers in different member states in order to improve efficiency both by combining the public resources in their respective countries and ensuring that the films being produced are distributed in those countries. All the national film agencies in the European Union are committed to encouraging the circulation of films from other parts of Europe. This is seen as a way of making sure that their national films are seen by audiences across Europe, but it is also a way of building and maintaining an audience that is receptive to a more diverse film culture than one that is dominated (as at present) by US/global films.

In its evaluation of the MEDIA programme and its proposals for support for the audiovisual sector after 2006, the European Commission does not seem to have taken into account the shift taking place at the national level. There has been little if any consultation with national film agencies about their strategies and plans. Consequently there is little sign of how, through its actions, the Commission might support and encourage the more "European" approach being adopted by member states.

Such support and encouragement need not be confined to the production and circulation of films. Indeed, in training, the discussion between the Commission and member states seems more advanced. In other areas, notably the preservation of and access to the film heritage, and image education (also known as "media literacy"), the discussion is only limited.

My sense is that the Commission was initially sceptical of efforts being made by national film agencies to build a better dialogue with one another, but it quickly realised that the agencies could, by working more closely together, contribute to the strengthening of European audiovisual policy, for example, in relation to trade negotiations and state aid rules. The agencies are continuing to identify areas in which collaboration between them is vital: in making the case to their national governments for supporting film, in dealing with broadcasters, in encouraging the intervention of regional government, in identifying the most effective ways of using tax breaks, in research and statistics, in tackling piracy and in ensuring that national support systems work well together. They are also eager to learn from each other's experiences. The question – and it is not a hard one – is how the Commission and the European Parliament can contribute to this process.

A major pre-occupation at present for national film agencies and for the European film industry is the application to the film sector of the provisions in the Treaty regarding state aid. In the course of the last twelve months, the national agencies that are responsible for designing and administering film support mechanisms have requested that the Commission develop a stable regulatory environment that is consistent with the aims of European audiovisual policy. Those aims are understood to include protecting and promoting cultural diversity, and encouraging

the circulation of European works. The main building blocks of this policy are the measures adopted in every member state to promote the national industry. But the Commission has sometimes appeared to consider these measures as inimical to European policy. If we are to make progress towards the achievement of European audiovisual policy objectives, we need the Commission – specifically DG Competition – to reverse its approach: instead of thinking how to dismantle national support mechanisms, it needs to think how they can most successfully combine and complement one another, just as the national film agencies are doing. In short, the Commission needs to recognise, as it does for television, the important role played by public service, and to consider how those elements of public service that relate to sharing and enjoying one another's national cultures can be enhanced.

A European audiovisual policy that is an integral part of general European policy

A colleague of mine, John Howkins, who has been heavily involved on behalf of the European film industry in the discussions about the General Agreement on Trade in Services (GATS), recently came up with the notion of a "European foreign audiovisual policy." His idea was that political Europe – by which I mean to refer to the aspirations as much as the reality of the European project – in the course of its fifty years' existence, has developed in an unrivalled legacy in reconciling the demands of liberalising markets, on the one hand, with those of promoting "non-market" objectives, be they to do with the environment, human rights or, of course, cultural diversity. It is this legacy that Europe can now bequeath to the world: we can show how genuinely committed we are to cultural diversity, and how other countries can take part fully in the community of nations without having to sacrifice their own nationhood.

This notion of European policy – as the reconciliation of the drives to realise both national and Europe-wide aspirations – should underpin audiovisual policy as it does every aspect of the European project. Thus we should be as interested in making sure that citizens across Europe get to know and engage with the lives of citizens from every other part of Europe, as we are in making sure that Europe's citizens enjoy the fruits of cultures from all over the world, as we are that citizens throughout the world get to know what Europe's cultures have to offer. The argument would be that, in order to have any one of these outcomes, you have to have all three.

This view of our audiovisual culture should be reflected in every facet of European policy, from regional development to the Knowledge Society, to the internal market, to competition policy and to trade. It should be clear how the policies being pursued in each of these areas contribute to the achievement of the aims of audiovisual policy, and *vice versa*. At the UK Film Council, which, like the European Commission is a strategic agency, albeit on a slightly smaller scale, we have a notion of "cross-cutting" or horizontal policy objectives that need to be articulated for every area. The areas include production funding, development, distribution and exhibition, training, education, international. The cross-cutting objectives include diversity, broadcasting, social inclusion ... and Europe. We have a Europe strategy that is reflected in the strategies for each of the areas. In the same way, I believe the Commission and the European Parliament need to be clear how each area of its activities feeds into audiovisual policy, and how audiovisual policy takes forwards the general policy objectives.

In this regard, I would like specifically to highlight the areas of trade and international development. Despite its trade competence, the European Union has done very little to develop cultural or audiovisual exchanges with third countries or to use the audiovisual as a tool for the much-needed inter-cultural dialogue. We like to talk about our European cultural diversity, but we fail to promote cultural diversity in our relations with third countries.

Only by making audiovisual policy an integral part of general European policies, I would suggest, can we avoid the situation we sometimes face in which different aspects of European policy seem to be working against one another, in particular the situation in which audiovisual – or cultural – policy is treated as an exception, as a bit of untidiness with which the “serious” policies – on the internal market, trade, competition – have to contend.