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The film industry has become digital: film production is digital, cinemas have installed digital screening equipment, including 3D, and European film heritage is being digitally preserved. The digital shift also brings new consumption patterns resulting from innovative approaches to access. New technologies offer consumers possibilities to see films on various supports, via various platforms, video on demand, legal and illegal streaming sites. According to the European Audiovisual Observatory, such alternatives attract a growing number of home viewers in Europe, threatening the future of cinemas. The EU institutions have made a contribution to addressing these challenges, looking for solutions which balance the interests of consumers, producers and intermediaries. This Topical Digest brings together a number of papers by EPRS policy analysts on topics related to the challenges resulting from the digitisation of European cinema.

2015 – A record year for European cinema
Infographic by Giulio Sabbati and Ivana Katsarova, November 2016
In 2015, 976 million tickets were sold in cinemas across the EU, representing the second highest level registered in the past ten years. This infographic gives a snapshot of the state of the industry.

European film in the digital era
At a glance by Magdalena Pasikowska-Schnass, April 2015
The fast pace of technological change is creating both challenges and opportunities for the film industry, notably in terms of distribution via new release channels (video on demand, downloading, streaming) and release windows (release chronology), and resulting changes in audience behaviour. New business models also raise questions over copyright for access to content.

Digitisation of Europe's film heritage
Briefing by Magdalena Pasikowska-Schnass, July 2015
EU film heritage covers over 120 years of cinema history and its technological evolution. The recent digital shift has resulted in significant digitisation of film production and distribution chains. 35mm films or magnetic recordings can only be accessed if appropriate screening equipment is preserved and operational, or the material is digitised. This challenge has redefined the scope of the work and tasks of European film heritage institutions, mostly publicly funded bodies with a mission to preserve European films and make them accessible. Film heritage digitisation involves both technical and legal elements, such as copyright clearance. Rights management systems vary considerably between EU Member States, as do the technical solutions applied for digitising, preserving and making such digital content accessible. These technical and legal disparities lead to difficulties and higher costs in cross-border or interinstitutional access to film heritage, problems common to all Member States. Solutions at EU level could allow mass digitisation of European film heritage, and improve the process, thus reducing costs. Since 2000, the European Commission and the European Parliament, together with the Council, have supported and co-funded cooperation in this field.

An overview of Europe's film industry
Briefing by Ivana Katsarova, December 2014
Although Europe pioneered both technological and content innovation in cinema, in 2013, Hollywood productions held a share of nearly 70 % of the EU market, while European productions represented only 26 %. What makes the major US companies so powerful is the fact that they are vertically integrated, with activities spanning production and distribution, allowing them to spread risks over several films, and reinvest profits in new projects. To offset the financing challenges facing EU film companies, different types of film-support schemes have been set up, accounting in 2009 for an estimated €2.1 billion (excluding tax incentives and interventions by publicly funded banks and credit institutions). Notwithstanding the ever-increasing presence

of Hollywood majors, the European film industry is quite dynamic and encompasses over 75 000 companies, employing more than 370 000 people, and reaping some €60 billion in revenue in 2010. Within the EU, the 'big five' – France, Germany, United Kingdom, Italy and Spain – account for around 80 % of releases, industry turnover, and persons employed. In its 2014 communication on European film in the digital era, the European Commission identified structural weaknesses which prevent the EU film industry from reaching potential audiences in the EU and globally: the fragmentation of production, financing, focus mainly on production with little attention to distribution and promotion, and insufficient opportunities for international projects.

LUX Prize – Ten years of support for EU cinema
At a glance by Ivana Katsarova, November 2016
Over the last 10 years, the LUX prize, an initiative of the European Parliament, has contributed to the promotion of 100 films, supporting the dissemination of European (co-)productions in a bid to overcome the language and distribution barriers faced by the European film industry.

Further reading

The Audiovisual Media Services Directive
Briefing, EU Legislation in progress by Ivana Katsarova, June 2016
The Creative Europe programme
In-Depth Analysis, European Implementation Assessment by Samuele Dossi, June 2016
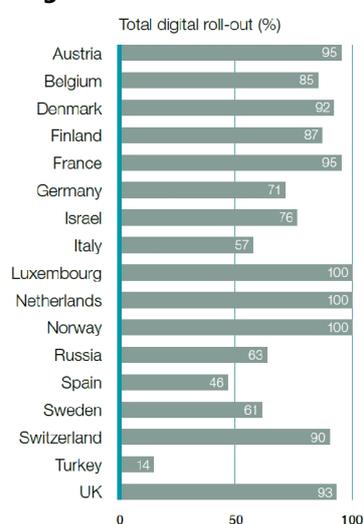**Creative Europe Programme**
Briefing, How the EU budget is spent by Matthew Parry and Magdalena Pasikowska-Schnass, September 2015
Supporting the European film industry
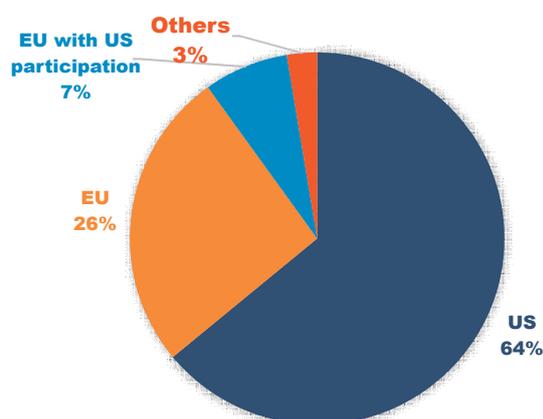*At a glance by Ivana Katsarova, 5 December 2014*

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Figure 1 – Digital cinema screens

Data source: UNIC (International Union of Cinemas) members, 2012.

Figure 1 – Film production: estimated market shares, 2015

Source: European Audiovisual Observatory, Focus – World Film Market Trends, 2016.

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