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Committee on Industry, Research and Energy

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OPINION

of the Committee on Industry, Research and Energy

for the Committee on Culture and Education

on the proposal for a European Parliament and Council decision on the implementation of a programme of support for the European audiovisual sector (MEDIA 2007)

(COM(2004)0470 – C6-0093/2004 – 2004/0151(COD))

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SHORT JUSTIFICATION

In its conclusions, the Lisbon European Council reaffirmed the importance of the audio-visual industry in providing added value for all EU policies and strengthening European citizenship.

MEDIA 2007 has responded to the evaluation of earlier programmes by regrouping them to improve their coherence and legibility. MEDIA 2007 is strategic for two reasons, the skills economy and competitiveness, both Lisbon objectives. It puts into practice the EC Treaty's recommendation that the Union should respect the wealth of its cultural and linguistic diversity, and ensure that the European cultural heritage is safeguarded and developed.

The MEDIA programmes have contributed to the growth of the European audio-visual industry and shown their ability to exercise structural leverage by their efforts to meet the needs and expectations of the professionals.

By digitalisation and networking, MEDIA 2007 is encouraging full use of the European audio-visual heritage, strengthening transnational collaboration and helping to disseminate new kinds of content.

A European market that still awaits structuring in a context of radical change.

The market is further fragmented by the disparity between the 25 Member States, greater media concentration and the existence of small-scale businesses.

Compared with the United States, European companies are ill prepared for developments in the market: the transfrontier dissemination of European works is still too limited. Disparities are growing between the EU and the US film industry. This failure of market structuring places the EU at a particular disadvantage. Europe is a substantial market that is not managing to exploit its true potential.

With the digital technologies, the audio-visual industry has undergone dramatic expansion, with proliferating new modes of dissemination. DVDs, games and video on demand are rapid growth sectors. This digital revolution is fuelling strong demand for audio-visual content, which MEDIA should take into account.

This is the first post-enlargement programme: in the new countries, investment capacity, public aid and orders are very much more limited. MEDIA should establish a proportional system that favours the 'small' countries. The need to safeguard film production in the candidate countries justifies greater European support.

Funding is still a delicate issue. Access to bank lending is crucial for independent producers and distributors. 'i2i' should be used to attract the banks by reducing their risk exposure and finding ways to compensate for the absence of specialised lending institutions in a number of countries.

In this connection the allocation of EUR 1 055 thousand million represents a minimum threshold for seven years and 27 countries, and is sparse in view of future challenges.

National funding is all the more indispensable for the success of MEDIA objectives.

THE CONTENT OF MEDIA 2007

The European dimension for initial and further training of professionals is a positive step. The quality objective must continue to be high.

Simplifying access to the available aid must be effective to avoid strengthening monopolies. The active support of independent producers and small structures should be continued. Cooperation and coordination of the professional networks should be encouraged.

The priority share dedicated to distribution is an essential factor for development as it is still a weak link in the chain. Aid for digitalisation should speed up the refitting of cinema theatres.

Integrating promotion and the cost of distributing a film from the production stage is a positive step. As the automatic allocation of aid is extended, aid is seen more as a reward for success than as an encouragement to take risks. Thus European support may be moving away from its purpose of cultural diversity. Hence the need to improve the criteria for helping with the distribution of films.

The forthcoming TSF directive will need to provide a suitable framework to assist the dissemination of works supported by MEDIA 2007.

IMPLEMENTING ARRANGEMENTS

The success of MEDIA depends on its efficient financial management and complementarity with the other programmes (information and communications technologies, R&D and training) and funding sources (Structural Funds). The growth of the European content industry must be a priority for all of the Commission, to facilitate the commitment of public and private finance.

The role of the executive agency that is to handle the management of MEDIA should be spelt out and its funding should be provided for outside MEDIA.

The Media Desks should be strengthened in their role in disseminating information on MEDIA and passing on the expectations and requirements of the professionals.

The EU's participation in the European Audiovisual Observatory is valuable as the transparency and reliability of information encourage private investors' confidence. It could be entrusted with coordinating a platform for economic, legal and sociological research to assess market requirements, and the impact of new cultural attitudes and audio-visual supports. In this way MEDIA would have the means for its further development and effective action.

AMENDMENTS

The Committee on Industry, Research and Energy calls on the Committee on Culture and Education, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 8

(8) For the purposes of implementing Community support, the specific nature of the audiovisual sector must be taken into account and it must be ensured that administrative and financial procedures are simplified as far as possible and adapted to the aims pursued and the sector's practices and requirements.

(8) For the purposes of implementing Community support, the specific nature of the audiovisual sector must be taken into account and it must be ensured that administrative and financial procedures are simplified as far as possible and adapted to the aims pursued and the sector's practices and requirements. ***Simplification must in particular make it possible to reduce time-lags between the proposal and its access by the public.***

Justification

Effective control of film production scheduling for films or audio-visual works is a real saving of resources.

Amendment 2 Recital 10

(10) Increased transparency and dissemination of information about the European audiovisual market can make operators in the sector, and especially small and medium-sized enterprises, more competitive. They also make it easier for Community action to be evaluated and followed up. Participation by the European Union in the European Audiovisual

(10) Increased transparency and dissemination of information about the European audiovisual market can make operators in the sector, and especially small and medium-sized enterprises, more competitive. ***Increased transparency and dissemination encourage private investors' confidence by improving understanding of the industry's potential.*** They also make it

¹ Not yet published in OJ.

Observatory should help it to achieve these aims.

easier for Community action to be evaluated and followed up. Participation by the European Union in the European Audiovisual Observatory should help it to achieve these aims.

Justification

Knowing the market better means better assessment of the investment risk.

Amendment 3
Article 1, paragraph 2

2. The audiovisual sector is an essential vector for conveying and developing European cultural values. The programme is intended to strengthen the audiovisual sector economically to enable it to play its cultural role more effectively.

2. The audiovisual sector is an essential vector for conveying and developing European cultural values. ***Its creativity is a positive factor for competitiveness and cultural appeal with the public.*** The programme is intended to strengthen the audiovisual sector economically to enable it to play its cultural role more effectively ***by developing an industry with powerful and diversified content and a valuable and accessible heritage. The creation of a large and well-informed European audience is necessary in order to succeed in finalising the objectives of the MEDIA 2007 programme. European image and multimedia education programmes can help achieve this.***

Justification

The growing consumption of cultural goods has not meant a parallel rise in the number of cultural references. The importance of the image in our society justifies treating it as a subject of knowledge in itself.

Amendment 4
Article 1, paragraph 2, point (c)

(c) strengthen the competitiveness of the European audiovisual sector in the framework of ***an open and*** competitive European market.

(c) strengthen the competitiveness of the European audiovisual sector in the framework of ***a*** competitive European market ***favourable to employment.***

Justification

The audio-visual industry is the United States export sector that generates the most money, and Europe is a large market here. The EU trade deficit with the United States is about USD 8 000 million a year. The figures show not only that the trade deficit is not going down, but also that the EU is not making the best possible use of its own market. Yet this industry is undoubtedly one of the most promising areas for employment and economic growth.

Amendment 5

Article 1, paragraph 4, point (a)

(a) fostering **creativity** in the audiovisual sector and knowledge and dissemination of Europe's cinematographic and audiovisual heritage;

(a) fostering **creative work, of any length**, in the audiovisual sector and knowledge and dissemination of Europe's cinematographic and audiovisual heritage;

Justification

The addition should make it possible to include short films in consideration for support.

Amendment 6

Article 1, paragraph 4, point (d)

(d) following and supporting market developments with regard to digitisation.

(d) **anticipating the effects of proliferating supports and** following and supporting market developments with regard to digitisation **and the consequent wide range of distribution methods..**

Justification

To be still more effective, Media should not just be 'following' technological developments but anticipating if not encouraging them. It is important to point out that the new methods of dissemination should not be ignored when stimulating the circulation of European works.

Amendment 7

Article 2, paragraph 2 a (new)

2a. In the exceptional event of a change in the programming period, the amount originally adopted shall be changed only

with strict regard for proportionality.

Justification

This is to prevent differing deadlines, imposed by decisions on the financial perspective, from undermining the financial stability of the programme.

Amendment 8
Article 3, paragraph 3

3. enable, through special scholarships, professionals from the new Member States to take part in the training activities set out in paragraph 1 of this Article.

3. enable, through special scholarships, professionals from the new Member States ***and from regions within other Member States that have a low audiovisual production capacity, cover a small area, or in which a regional language is spoken***, to take part in the training activities set out in paragraph 1 of this Article.

Justification

Under the present programme it is also extremely difficult for professionals from countries with a low audiovisual production capacity and/or small geographical area and/or linguistic area to benefit from the training measures described in point 1 of this article.

Amendment 9
Article 6, point (d a) (new)

(da) improve the promotion of European audiovisual works by contributing substantially to additional resources for European audiovisual producers for that purpose.

Justification

Encouraging the preparation of promotion and information campaigns for the marketing of European audiovisual works, and funding the costs that European audiovisual producers involved in such activities incur, are essential measures to improve competitiveness with other markets that invest three times more in promoting their works than in producing them.

Amendment 10
Article 9, paragraph 7

7. Any sums reimbursed under the programme, those from the MEDIA programmes (1991 to 2006) and sums not used by selected projects shall be allocated to the requirements of the MEDIA 2007 programme.

7. Any sums reimbursed under the programme, those from the MEDIA programmes (1991 to 2006) and sums not used by selected projects shall be allocated to the requirements of the MEDIA 2007 programme. ***In particular, they may serve the funding of new research programmes or innovative activities, pilot projects, joint activities with the programmes dedicated to education or lifelong learning.***

Justification

To mobilise unused funds for activities that meet the twofold Lisbon objective of competitiveness and skills.

Amendment 11
Article 12, paragraph 1 a (new)

1a. The cooperation of MEDIA Desks in networks, especially proximity networks, shall be encouraged in order to facilitate exchange and contacts between professionals, public awareness of key events in the programme as well as prizes and awards. The MEDIA Desks' role of information and services supplier is valuable for the emergence of new audio-visual centres.

Amendment 12
Article 13, paragraph 1, point (a)

(a) promoting the fundamental ***principle*** of freedom of expression;

(a) promoting the fundamental ***principles*** of freedom of expression, ***creative freedom, and the pluralism of information;***

Justification

MEDIA is a good example of the European approach to cultural diversity.

Amendment 13
Article 14, paragraph 2

2. The Commission shall ensure that the programme is evaluated regularly, externally and independently.

2. The Commission shall ensure that the programme is evaluated regularly, externally and independently. ***Such evaluation shall be carried out with a view to complementarity with the research programmes on innovation and information and communications technologies, particularly in the Seventh Framework Programme for research and technological development.***

Justification

Concordance between the schedules for MEDIA 2007 and the Seventh FPRD should make it possible to define new research into the media, communication, the development of European content, the impact of new technologies and audience habits.

Amendment 14
Article 14, paragraph 3, point (a)

(a) an interim evaluation report on the results and the qualitative and quantitative aspects of implementing the programme by 31 December 2010 at the latest;

(a) an interim evaluation report on the results, ***on matching the programme to the technological context and its impact on the European market, and on*** the qualitative and quantitative aspects of implementing the programme by 31 December 2010 at the latest; ***the report shall in particular make it possible to assess the effectiveness of structural improvement measures in countries that have recently joined the Union;***

Justification

MEDIA 2007 usefully makes provision for priority action intended for these countries; it should be strengthened if it proves insufficient.

Amendment 15
Article 18, indent 1

– by encouraging transparency in the market and ensuring that operators have access to financial and legal statistics and

– by encouraging transparency in the market ***by harmonising data collected in the different countries*** and ensuring that

information, thereby enhancing the European audiovisual sector's ability to compete and develop;

operators have access to financial and legal statistics and information, thereby enhancing the European audiovisual sector's ability to compete and develop;

Justification

In order to structure itself the European audio-visual market needs cooperation between the Member States and professionals for access to data.

Amendment 16
Article 18, indent 2 a (new)

– by initiating research, to complement the financial evaluation, in coordination with the European Audiovisual Observatory, into audiences, their habits and preferences.

Justification

Such audience research is necessary and useful to guide policy for boosting the audio-visual market, the promotion of films and audio-visual works and more appropriate programming and distribution.

Amendment 17
Annex, Title 1, point 1.2.5

1.2.5 Enable, through special scholarships, the professionals from the new Member States to take part in the training activities set out in 1.1.1 of this Annex

1.2.5 Enable, through special scholarships, the professionals from the new Member States ***and from regions within other Member States that have a low audiovisual production capacity, cover a small area or in which a regional language is spoken*** to take part in the training activities set out in 1.1.1 of this Annex

Operational objective

– Facilitate the participation by professionals from the new Member States in the projects supported by the programme.

Operational objective

– Facilitate the participation by professionals from the new Member States ***and from regions within other Member States that have a low audiovisual production capacity, cover a small area or in which a regional language is spoken*** in the projects supported by the programme.

Action to be implemented

– Contribute to setting up a grant mechanism.

Action to be implemented

– Contribute to setting up a grant mechanism.

Justification

Under the present programme it is also extremely difficult for professionals from countries with a low audiovisual production capacity and/or small geographical area and/or linguistic area to benefit from the training measures described in point 1 of this article.

Amendment 18

Annex, title 1, point 2.2, indent 1

– Support the side costs of private financing of production and co-production projects presented by SMEs (such as financial expenses, insurance and completion guarantee costs).

– Support the side costs of private financing of production and co-production projects presented by SMEs (such as financial expenses, insurance and completion guarantee costs) ***so as to permit more widespread access to bank loans for a large number of companies by reducing the risks.***

Justification

Access to bank lending is a crucial aspect for independent producers and distributors. The banks are not acting as lenders, or if they are their rates and terms are prohibitive, in view of the risks peculiar to the industry and the financial fragility of most small companies. So there is a need to attract the banks to independent producers and distributors by reducing the risk factor.

Amendment 19

Annex, Title 1, point 3.3, indent 2

– Encourage independent producers to produce works (drama, documentary and animation) involving the participation of at least ***two*** broadcasters from several Member States, ***belonging to different linguistic areas***. The selection criteria for the beneficiaries will include provisions aiming to differentiate between the projects according to the size of their budget.

– Encourage independent producers to produce works (drama, documentary and animation) involving the participation of at least ***three*** broadcasters from several Member States ***or at least two broadcasters from several Member States belonging to different linguistic areas***. The selection criteria for the beneficiaries will include provisions aiming to differentiate between the projects according to the size of their budget.

Justification

The requirement to collaborate with at least three broadcasters is too onerous for producers from areas with a low audiovisual production capacity and/or small geographical area and/or linguistic area. The participation of two broadcasters, as in the present MEDIA + Programme, should be sufficient. [The word ‘two’ in the English version of the Commission text appears to be an error. – Translator’s note.]

Amendment 20

Annex, Title 1, point 3.3, indent 5

– Support the side costs (such as financial costs, insurance and completion guarantee costs) connected with the production of works (drama, documentary and animation) involving the participation of at least three broadcasters from several Member States, belonging to different linguistic areas.

– Support the side costs (such as financial costs, insurance and completion guarantee costs) connected with the production of works (drama, documentary and animation) involving the participation of at least three broadcasters from several Member States ***or at least two broadcasters from several Member States*** belonging to different linguistic areas.

Justification

The requirement to collaborate with at least three broadcasters is too onerous for producers from areas with a low audiovisual production capacity and/or small geographical area and/or linguistic area. The participation of two broadcasters, as in the present MEDIA + Programme, should be sufficient.

Amendment by Pilar del Castillo Vera

Amendment 21

Annex, Title 1, point 4.4, indent 1 a (new)

– ***Improve the promotion of European audiovisual works by contributing substantially to additional resources for European audiovisual producers for that purpose.***

Justification

When discussing the European audiovisual sector and the need to foster the industry’s competitiveness with its main competitor, the United States, we always deplore the data that the statistics throw up without stopping to think of the real reasons for the success of the audiovisual market with the greatest impact worldwide. In the area of promotion the investment effort of European studios has shown itself to be quite clearly inadequate.

