

**European Film Agency Directors
Cannes Declaration
State aid for films and other audiovisual works
May 2012**

A vibrant, culturally distinct and diverse European cinema depends on public support at supranational, national and regional levels. In cultural and economic terms, Member States' audio-visual policies and support schemes provide the bedrock of a sustainable audiovisual industry and constitute an indispensable condition for Europe's film and audiovisual sector.

The European Film Agency Directors (EFADs) urge the European Commission to set up a clear and transparent framework for State aid that will enable Member States to continue to have comprehensive and effective policies to support their national cinema, local film and audiovisual industries. These policies support the creation and distribution of European works based on the shared vision that audio-visual works are important tools for promoting cultural identity, diversity and exchange within Europe.

The EFADs welcome the European Commission's review of the 2001 Cinema Communication to provide legal security for a wider scope of audiovisual activities and their related public support schemes, however we have a number of serious concerns regarding the proposed draft:

- The **clarity** of proposed text and subsequent interpretations provided by the Commission is not sufficient and will inevitably lead to further uncertainty and misunderstandings.
- Although the proposed **scope** has been widened, it excludes critical audio-visual elements such as VoD platforms, video games, and cinema exhibition. This omission reflects a limited understanding of what constitutes audio-visual culture. Secondly, it does not address the major challenges for the audio-visual sector in particular the challenge of digitisation, market fragmentation and the lack of risk capital. Thirdly, it illustrates a lack of consistency in relation to the Commission's supranational policies for the cultural and creative industries, especially in relation to the MEDIA Programme and the EC's overall political objectives as set-out in the EU 2020 strategy.
- The EC is planning to introduce new elements to determine whether or not the level of **territorialisation** of production spending is proportionate and in line with the European Court of Justice State aid jurisprudence in other sectors. EFADs regret that these proposals were made without the EC having demonstrated that the territorial conditions so far implemented by Member States have had any detrimental effect on the internal audio-visual market – the production and circulation of European works. Quite the contrary, the study commissioned by the EC on this topic confirmed that territorial spending obligations had had no negative effect.

The proposed new rules clearly threaten the stability and the sustainability of European public support to the audiovisual sector and the ability of Member States to develop and adopt

policies and strategies to meet the future challenges of the sector. The proposed criteria will significantly reduce, if not eliminate, the leverage or multiplier effect of public policies. They will, therefore, jeopardize the viability of national and regional film support schemes in many Member States, increase uncertainty for producers', threaten jobs and the level and the diversity of European film production.

- The proposed **regressive scale** for non-European films would have a negative impact of Europe as a production hub and thereby seriously threaten the international competitiveness of Europe. It would also lead to an adverse effect on the infrastructure of Member States' film industries.
- In addition, the EFADs believe the proposed **distinction between European and non-European works** is hugely problematic and puts at risk Europe's openness to partner with third countries on a bi-lateral basis.

In summary, with regret, the EFADs are unable to endorse the draft Cinema Communication as it stands now as it would put the European audiovisual sector at great risk. We therefore ask the EC to refrain from introducing any changes to the legal framework until the EC has adopted a more comprehensive approach - an approach which embraces the shared vision for European audiovisual culture between the EC and the Member States and acknowledges the specific characteristics of the audio-visual sector.

Signed by:

European Film Agency Directors

Österreichisches Filminstitut (Austria)

Centre du Cinéma et de l'Audiovisuel de la Communauté française
(Belgium)

Vlaams Audiovisueel Fonds (Belgium)

National Film Centre (Bulgaria)

Cultural Services of the Ministry of Education and Culture (Cyprus)

Czech Film Chamber (Czech Republic)

Danish Film Institute (Denmark)

Estonian Film Foundation (Estonia)

Filmförderungsanstalt (Germany)

Greek Film Centre (Greece)

Finnish Film Foundation (Finland)

Centre National de la Cinématographie (France)

Hungarian National Film Fund (Hungary)

Irish Film Board (Ireland)

Ministero per i Beni e le Attività Culturali - Direzione Generale
per il Cinema (Italy)

National Film Centre (Latvia)

Ministry of Culture - Department for Arts (Lithuania)

Film Fund Luxembourg (Luxembourg)

Maltese Film Commission (Malta)

Nederlands Fonds v.d. Film (Netherlands)

Polish Film Institute (Poland)

Instituto do Cinema Audiovisual e Multimedia (Portugal)

Centrul National al Cinematografiei (Romania)

Instituto de la Cinematografia y de las Artes Audiovisuales (Spain)

Ministry of Culture - Department for Cinema (Slovakia)

National Film Foundation (Slovenia)

Swedish Film Institute (Sweden)

British Film Institute (United Kingdom)