Audiovisual industry: MEDIA II 1996-2000, development and distribution of European works

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The European Commission has presented its report on the implementation and results of the MEDIA II programme (1996-2000). The total budget for the MEDIA II programme was EUR 358 million (including the initial budget allocation, reimbursements and appropriations made available again), of which 89% (EUR 320 million) was allocated to project support and 11% to horizontal operations. The ex-post evaluation confirmed the smooth administrative functioning of the programme, sound management by the Commission having reduced the operating costs by half compared with MEDIA I. MEDIA II aid represented only 0.51% of the European audiovisual sector's economic weight overall, although this proportion was higher (average 0.80%) in the countries with low production output and exceeded 1% in Greece, Iceland, Belgium and Luxembourg. The MEDIA II aid had a substantial knock-on effect, even though this is difficult to quantify precisely. An estimation of this knock-on effect was provided in the mid-term evaluation of MEDIA II, which concluded that each Community euro invested had generated EUR 5.75 of investment in the industry. This multiplier coefficient was of course much lower in the training sector (2.38) but was higher in the distribution sector (7.2) and, to a lesser degree, in the development sector (4.19). This estimate of the leverage effect produced by the Community funds ought no doubt to be revised upwards in order to measure the full impact of the MEDIA II programme, since it takes no account of the introduction of the automatic distribution support and slate funding mechanisms, mechanisms which, by virtue of their design and the reinvestment obligation that they contained, had a strong knock-on potential. MEDIA II also made it possible to begin to restore balance to the European industrial market, a feature of which is the dichotomy between countries with a low production capacity and/or restricted linguistic and geographical area [8], whose volume of production is naturally limited, and countries with a higher production capacity (i.e. volume of production in relation to the population). In order to offset the structural handicaps of the countries and regions with a low production capacity and restricted linguistic areas, a flexible positive discrimination policy with no pre-set quantified objectives was introduced. This system enabled these countries to receive approximately 30% of the aid distributed under MEDIA II, even though they represented only 19% of the European audiovisual market. MEDIA II has therefore helped lay the foundations for a long-term convergence of production structures within the Union. Ex-post evaluation of MEDIA II confirmed that a Community programme to assist the European audiovisual industry was fully justified by the economic situation in the audiovisual sector. The focusing of resources on development, distribution and training was appropriate for tackling the weaknesses of the European industry, the fragility and lack of competitiveness of European audiovisual products arising to a large extent from chronic under-investment both upstream (training, development) and downstream (distribution) of the production process. - Thus, in the area of training, MEDIA II's aim was to support initiatives to enable professionals to acquire the know-how andskills needed in order to take account of the European and international markets (economic and commercial management, integration of new technologies, screenplay techniques) and to enhance the creative and commercial potential of their projects. - In the area of development, MEDIA II's aim was to promote, by providing financial and technical assistance, the development of production projects aimed at the European and international markets and to contribute towards the development and strengthening of companies. The aims were to bring onto the European market programmes that were better adapted to the standards of the international market and to make companies structurally stronger. - In the area of distribution, MEDIA II's aim was to improve the circulation of non-national European films and programmes. The main focus was on the distribution and screening of cinema films in cinemas outside their territory of origin. Other mechanisms were also put in place to promote the widest possible circulation of European programmes through television and other media (video, multimedia). Finally, the programme supported a series of initiatives aimed at facilitating the promotion and access to the international market of European independent productions. The ex-post evaluation also underlined the complementarity between national measures and

the MEDIA programme. During the period 1996-2000, the bulk of national aid (84%) was for production, while MEDIA II focused on training, development and distribution. The few instances of national aid for distribution were chiefly in support of national films, while MEDIA II exclusively encouraged the distribution of non-national European films. In the area of cinema operation, national aid was chiefly for structures, while MEDIA II aid was chiefly for cinemas to show European films. In the area of development, national aid was insignificant except in Germany, Finland and France.