

Briefing for Commissioner Gabriel - Meeting with Charles Rivkin, CEO of Motion Picture Association (MPA)

Scene setter

MPA represents the interests of the major Hollywood studios. Its members include Walt Disney Studios Motion Pictures, Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLC, and Warner Bros. Entertainment Inc.

Charles Rivkin joined MPA in September 2017 after serving as a US Ambassador in France and Monaco and Assistant Secretary of State for Economic and Business Affairs.

Position of MPA on copyright

MPA is actively involved in the ongoing discussions on the copyright reform package.

Discussions on the **Directive on copyright in the Digital Single Market** are at a critical stage in the European Parliament after the rejection of the JURI report in plenary on 5 July. A new vote will take place in plenary on 12 September.

On value gap (Article 13 - rules on user-uploaded-content platforms), MPA supports the Commission's proposal but is concerned about the Council text and the ongoing discussions in the EP. They fear that introducing a clarification on communication to the public could make things worse compared to today's situation (e.g. favourable case law). In particular, due to the clarification, provisions may be introduced in view of limiting the liability of content sharing platforms in certain cases (as in the Council text). In this regard, their position is different from the position of right holders in the music sector, as they are generally not interested in concluding licences with content sharing platforms. Their main objective is to prevent the availability of their content on such platforms.

They may express some concerns on the measures proposed on the remuneration of creators (Article 14 to 16), which would result in administrative reporting obligations for them.

MPA may also raise questions on the state of play of the discussions on the **SatCab Regulation**. Discussions are ongoing to make sure that a political agreement can be reached at the 4th trilogue, scheduled for 8 October.

MPA has been very critical of the country of origin principle, which according to them would undermine existing licensing practices based on the territoriality of rights. These concerns have been taken into account in the text adopted in the EP, and to a lesser extent in the Council text. In both texts, the scope of application of the COO has been significantly reduced. MPA may still argue that the scope should not be extended beyond the EP proposal (news and current affairs) and should not include broadcasters' own productions.

They may also express concerns on the possible extension of mandatory collective management of rights to OTT retransmission services (as proposed by the Council). They are expected to be in favour of addressing the issue of direct injection in the Regulation by clarifying that both broadcasters and distributors need to obtain the authorisation of right holders.

Creative Europe - MEDIA

The MPA is not really an organisation interested by Creative Europe as there is a requirement of being a national of any of the MEDIA member countries to be eligible for funding. It is thus unlikely that the programme is an issue they wish to discuss.

If Creative Europe/MEDIA were to be mentioned, present the essential features of the new programme and stress that it will bring about added value in view of the profound changes in the audiovisual industry.

Two aspects should be drawn to their attention

- the strengthened link between AVMSD and MEDIA in order to support the implementation of the Directive, esp. the rules on promotion of European works;
- the Directory of European films: it would be useful to seize this opportunity to have an exchange on the Directory of European films, explain how it fits in the Commission policy to better promote European films and, possibly to ask if MPA could support this initiative.

Objective

- Stress the need to have a constructive approach in the ongoing discussions on the Copyright Directive and on the SatCab Regulation

Line to take / speaking points

On the Copyright Directive

- The proposal for a Directive is the opportunity to modernise copyright in the digital age. It includes balanced and targeted measures which will represent a significant step forward for authors, producers and users of protected content.
- Discussions are at a critical stage in the European Parliament. The support of creative industries is essential to make sure that the level of ambition of the Commission's proposal is maintained.
- At the same time, we understand that the adoption of the mandate in the EP requires a balanced approach, which takes into account the interest of all players, creators, authors, consumers and platforms alike. We invite you to have a constructive approach in the ongoing debate, in order to allow progress on this important file and make its adoption possible in the coming months.

On the SatCab Regulation

- The "SatCab" Regulation aims to facilitate online and cross-border access to radio and television programmes – something very concrete for European citizens.
- Significant progress has been achieved in the discussions with the European Parliament and Council. The concerns expressed by the audiovisual industry – in particular on the country of origin principle – have been taken into account in the texts adopted by the co-legislators.
- We hope that a final deal can be reached soon that takes into account the concerns expressed by the audiovisual industry, while delivering concrete benefits to European citizens.

On Creative Europe / MEDIA

- For the future financial framework 2021-2027, the Commission has proposed to maintain and strengthen both the Culture and MEDIA supports within Creative Europe. The total budget proposed is 1.850.000.000.00, which would be a total increase of 27% compared to existing budget.
- With the proposed budget (Up to € 1.081.000.000 for MEDIA -58%), MEDIA will maintain and even strengthen its support to essential activities that have proved their impact and added value such as the Europa Cinemas network, festivals, the development and distribution of audiovisual works and the training of audiovisual professionals.
- In addition, MEDIA will increase its support to subtitling, adapt its action on festivals and VOD to make it more efficient by supporting networks and, for the first time, underpin the AVMS Directive and especially the provisions on promotion, prominence and visibility of European works in order to better promote the European audiovisual industry.
- This means that MEDIA will be used to support tools assisting AVMS providers and Regulators when implementing the quota requirements and the obligation of prominence by AVMS providers, which should enable to ensure that the rules are properly implemented.
- Otherwise, as you know, the prototype of the Directory of European films will be presented by the European Audiovisual Observatory in the coming weeks. The purpose is to increase transparency on the online market and eventually to increase the visibility and audiences for European films.
- As an association representing the film and television industry, I would like to know if you could support such an initiative.

On Digital in the next MFF

- The Commission adopted on 2 May its proposals for the post-2020 long-term budget of the Union, the Multiannual Financial Framework.

- Sectoral proposals were adopted in the weeks that followed, notably for the Digital Europe programme (EUR 9 billion), the Connecting Europe Facility (EUR 3 billion), Horizon Europe (EUR 100 billion), Cohesion and Values programme including Creative Europe (EUR 1.8 billion) and European Strategic Investment proposal (including InvestEU).
- In particular, the Digital Europe programme is a new programme to allow co-investment in state-of-the-art capacities to reinforce Europe's capacities in key digital technology areas and widen their diffusion and uptake in areas of public interest and the private sector.
- These proposals are the result of an open and inclusive debate launched over a year ago with the White Paper on the Future of Europe and our Reflection Paper on the Future of EU Finances last year.
- The main message from the Commission's extensive consultations has been received loud and clear. A more united, stronger and more democratic Europe needs a new, modern budget. And it needs fresh thinking on how that budget can deliver for people across the Union.
- The Commission's thorough spending review has helped to pinpoint what has worked well in the past and what should be preserved in the next budget. But it also revealed where reform is needed to unlock the full potential of the EU budget.
- This is particularly the case in areas such as cross-border infrastructure investment and programmes to exploit the full potential of Europe's digital single market to the benefit of all Member States.
- The Commission is proposing five major programmes to ensure that Europe drives the digital transformation of the society and economy bringing its benefits to all citizens and businesses
- These five programmes will contribute to:
 - Reinforce our digital capacities (computing, data, cybersecurity, AI,...)
 - Ensure their widest roll out and maximising their benefits
 - Prepare and lead in next generation digital technologies
 - Build up a world leading Connectivity infrastructure
 - Support our creators and ensure the diffusion of their works

Defensive points

On the Copyright Directive

The measures proposed on remuneration are very burdensome for producers and broadcasters; they should apply only on request of authors and performers.

- The measures proposed by the Commission are proportionate: Member States will have to take into account the specificities of each sector, including those of broadcasting, and determine workable and meaningful requirements of transparency.
- To be effective, the transparency obligation needs to be mandatory and not subject to the request of the creator who is generally in a much weaker bargaining position.

On the SatCab Regulation

The trilogue negotiations on the SatCab Regulation seem to be difficult. Where does the Commission see a balance that could finally lead to an agreement? Is the Commission ready to accept provisions on direct injection as requested by the Parliament?

- This is a key file of the Digital Single Market strategy, which aims to facilitate the cross-border distribution of radio and TV programmes. In order to secure a deal, we all need to take a constructive approach.
- We are working with the co-legislators to maintain a meaningful scope of application of the country of origin and of mandatory collective management for retransmission services..
- The Commission did not propose to regulate direct injection. We understand however that the EP is strongly insisting to introduce rules on this into the Regulation. We are ready to explore how it can be addressed with the objective to ensure legal certainty and to maintain a high level of protection for right holders.

The country of origin should not be extended beyond news and current affairs as proposed by the EP

- The country of origin principle is a key element of the Commission's proposal. We understand the concerns expressed by the AV industry on how this principle could affect the existing licensing practices in the audiovisual sector based on territorial exclusivity. However, we need to find a solution which would bring added value to European citizens in terms of access to radio and TV programmes online.
- Limiting the country of origin principle to news and current affairs as done in the EP text constitutes very limited progress compared to today's situation, where most of these programmes are already widely available across borders.
- We believe that a compromise could be found by slightly extending the scope of the COO, for example by covering also broadcasters' own

productions. Such a solution would still bring added value to broadcasters (the proportion of own productions used by broadcasters can be very high) and citizens (more programmes, including cultural and entertainment programmes, could be made available across borders).

The extension of mandatory collective management of rights to OTT retransmission service providers could undermine the exercise of exclusive rights and territorial licensing.

- The Commission's proposal extends the rights clearance regime that cable operators benefit from under the 1993 Satellite and Cable Directive to retransmission operators provided on equivalent closed networks (satellite, IPTV, mobile, or digital terrestrial television) – not to retransmission services delivered over the open internet. This regime provides that retransmission operators can clear the rights included in the programmes they retransmit only with collective management organisations and/or the broadcasters whose channels they retransmit, instead of having to obtain permissions from individual right holders.
- In view of facilitating the discussions with the co-legislators, the Commission has expressed some flexibility to extend this regime of mandatory collective management to over-the-top (OTT) players.
- The conditions under which OTT players can benefit from mandatory collective management would need to be very well defined in order to provide for appropriate safeguards for right holders, notably in terms of access and security of content.
- In any case, retransmission operators would continue to clear the rights with individual broadcasters, which are not covered by the rules on mandatory collective management. Broadcasters would remain free to decide whether to grant a licence or not to the retransmission operator.

On the European Film Directory

How can stakeholder contribute during 2019 to the foundation of the Directory?

In 2019, we encourage all VOD services to join the Directory and help ensure that the data contained are reliable and constantly updated. Appropriate data flows will be put in place so that this does not generate a heavy workload for VOD services. Names of the partners accepting to provide their data will be displayed on the Directory. Services will be encouraged to partner with the EAO through the MEDIA support especially the support to VOD services.

What potential use of the Directory?

- The Directory's primary immediate use is to be a reliable information tool on the availability of European films online.
- This infrastructure will also be useful for AVMS providers and regulators in the context of the implementation of the AVMSD. In the future data on other European works covered by the Directive will be added.

- By relying also on the information voluntarily provided by stakeholders i.e. VOD services, the Directory may become a focal point of a community of VOD services who have to implement the provisions of the AVMSD on promotion of European works (prominence and quota requirements); this community may share knowledge and information on this subject.

How could this Directory be further developed?

- The "community" aspect of the tool could be further enhanced, which would require a certain coordination and animation to be developed around the issue of promotion of European content online.
- In addition, this infrastructure and the data could be reused for the development of new business online tool(s) such as B2C services offering access to the films searched. The Commission will support this development in particular through the MEDIA support in the frame of the new Creative Europe programme (2021-2027).

On Digital in the next MFF

What are the more specific aims of the Digital Europe Programme?

- The Digital Europe programme is a central element of the Commission's comprehensive response to the challenge of digital transformation, part of the Multiannual Financial Framework (MFF) proposal for 2021-2027. It will focus on reinforcing Europe's capacities in high performance computing, artificial intelligence, cybersecurity and advanced digital skills and ensuring their wide use across the economy and society. Specifically it aims to:
 - Build-up and strengthen the EU's high performance computing (HPC) and data processing capacities, and ensure their wide use both in areas of public interest such as health, environment and security, and by industry, notably SMEs.
 - Build-up and reinforce core artificial intelligence (AI) capacities such as a data resources and repositories libraries of artificial intelligence algorithms and make them accessible to all businesses and public administrations, as well as reinforce and foster links between existing artificial intelligence testing and experimentation facilities in Member States.
 - Ensure that the essential capacities needed to secure the EU's digital economy, society and democracy are present and accessible to the EU's public sector and businesses, and improve the competitiveness of the EU's cybersecurity industry.
 - Ensure that the current and future labour force can easily acquire advanced digital skills, notably in high performance computing, artificial intelligence and cybersecurity, by offering students, graduates, and existing workers the means to acquire and develop these skills, no matter where they are situated.

- Expand the best use of digital capacities, notably high performance computing, artificial intelligence and cybersecurity, across the economy, in areas of public interest and society, including the deployment of interoperable solutions in areas of public interest and facilitate access to technology and knowhow for all businesses, notably SMEs.

What is the proposed financial envelope for each area in the Digital Europe programme?

- The financial envelope for the implementation of the Digital Europe programme for the period 2021–2027 shall be EUR 9 194 000 000 in current prices. The indicative distribution of the referred amount shall be:
 - (a) up to EUR 2 698 240 000 for Specific Objective 1, High Performance Computing
 - (b) up to EUR 2 498 369 000 for Specific Objective 2, Artificial Intelligence
 - (c) up to EUR 1 998 696 000 for Specific Objective 3, Cybersecurity and Trust
 - (d) up to EUR 699 543 000 for Specific Objective 4, Advanced Digital skills
 - (e) up to EUR 1 299 152 000 for Specific Objective 5, Deployment, best use of digital capacities and Interoperability

Background notes

CV of Charles H. Rivkin, Chairman and Chief Executive Officer¹

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COPYRIGHT

Copyright Directive - State of play

In the Council, the Presidency was given a mandate to start trilogue negotiations with the Parliament at the Coreper meeting of 25 May 2018. While the text adopted by the Council differs from the Commission's proposal for some articles, it endorses overall the Commission's objectives to modernise copyright exceptions, to strengthen the

¹ <https://www.mpaeurope.org/people/charles-h-rivkin/>

position of right holders and publishers in the online environment, and to provide more transparency to authors and performers as regards the exploitation of their works.

In the European Parliament, the report adopted in JURI committee was rejected in plenary on 5 July. A new vote will take place in plenary on 12 September. New amendments are likely to be tabled before 5 September by the rapporteur (A.Voss, on behalf of EPP) or by other political groups or groups of MEPs, in particular on the two main controversial issues (publishers' right and value gap). These provisions aim to improve the remuneration and licensing opportunities of authors and creative industries' when their copyright-protected content is used online. The controversy, in the EP and more widely in the public debate, focuses on the potential impacts that these provisions would have on the functioning of the internet and fundamental rights of internet users.

Council and EP position (JURI report) on the relevant provisions:

Value gap

Article 13 of the Commission's proposal requires major platforms which make available a large amount of user-uploaded content, to apply measures, such as content recognition technologies, to allow rightholders to monetise or prevent content uploaded without their authorisation. Where agreements are concluded with rightholders, the measures would help the rightholders to get an appropriate remuneration for the use of the works. Where no agreements are concluded, rightholders need to provide the services with metadata (e.g. "fingerprints") to prevent the upload of specific works.

Both the JURI text and the Council text go beyond the Commission's proposal by laying down the conditions under which platforms engage in an act of communication to the public for content that has been uploaded by their users. Moreover, both texts indicate that platforms covered by the proposal cannot benefit from the exemption of liability under the e-Commerce Directive. The Council text provides for a clear liability exemption for platforms when they act according to professional diligence and apply preventive and ex post measures to avoid the availability of unauthorised content. The JURI text does not contain any specific liability mitigation mechanism.

Remuneration of authors and performers

The Commission has proposed targeted measures to increase transparency for authors and performers on the use of their works and to allow a more balanced relationship with their direct contractual partners (Articles 14 to 16).

These proposals have been well received and generally endorsed both in the Council and in the EP (JURI). In the Council text and in the JURI report, the transparency obligations are extended to subsequent licensees in the value chain (e.g. distributors, platforms; on the request of authors and performers in the Council text). Both texts also provide for the possibility for MS to implement the transparency obligation through collective bargaining agreements.

The JURI report introduces 2 new articles on remuneration:

- A principle of fair and proportionate remuneration for authors and performers, including for online exploitation. This may be achieved, depending on the sector, through statutory mechanisms. Contracts shall specify remuneration attached to each mode of exploitation. These rules do not apply in case of "creative commons" type non-exclusive free licences.

- A right of revocation: the author or performer who has licensed or transferred his rights on an exclusive basis (e.g. to a producer or publisher) has a right of revocation when the rights are not exercised, or in case of continuous lack of regular reporting provided for in Article 14.

SatCab Regulation – State of play

The Parliament and the Council adopted negotiating mandates on 12 and 15 December 2017 respectively. Trilogue negotiations are ongoing, with negotiations proving difficult and complex and the Parliament standing particularly firm on its mandate. Following the last trilogue meeting on 17 April 2018, the Commission has been mandated to prepare possible compromise texts on the three main political issues [scope of the country of origin, scope of the application of mandatory collective management to retransmission services, and the EP-only proposal to regulate direct injection] in order to find a compromise. The Council Presidency is currently exploring the possibility to review its mandate in order to take some steps towards the Parliament, notably on direct injection. The next trilogue is scheduled take place on 8 October.

Council and EP position on the relevant provisions:

Application of the country of origin principle to broadcasters' ancillary online services

- The Council text excludes from the scope of application of the COO all co-productions and productions licensed by third parties. The COO for TV programmes is now limited to (i) programmes related to news and current affairs and (ii) programmes that are fully financed and controlled by a broadcaster organisation. For both radio and TV programmes, there is an explicit exclusion of broadcasts of sports events and works and other subject matter included in them.
- In the EP text the COO applies only to services providing access to news and current affairs programmes.

Exercise of retransmission rights

- The Council text expands the scope of application of mandatory collective management to retransmissions provided by 'over-the-top' players, but only when they are provided to a controlled circle of users and where the level of security provided is comparable to the level of security for content transmitted over managed networks such as cable or IPTV.
- The EP text proposes to apply the mandatory collective managed regime proposed by the Regulation to "cable-like or IPTV-like" services within "managed environments".

Direct injection

- The EP proposes to introduce new rules regulating the technique known as 'direct injection', i.e. a process by which a broadcaster transmits its signal to distributors via a private line in a way that those signals cannot be received by the general public during such transmission, and, subsequently, the distributor offers the relevant programmes carried by that initial signal to the public, in an unaltered and unabridged form, via various networks. The proposed new provision establishes a joint liability for the broadcaster and the distributor for the act of communication to the public, and prescribes that the broadcaster and the distributor have to obtain an authorisation from the right holders for their respective participation in the act.

- In the Council, the Bulgarian Presidency has started exploring possible solutions on direct injection with Member States. The Austrian Presidency is following this approach and has shared an informal text with Member States in July. This draft text provides that in the case of direct injection the broadcaster and the distributor are both participating to a single act of communication to the public for which they need to obtain authorisation from the relevant right holders.

CREATIVE EUROPE / MEDIA

MEDIA Programme

The MEDIA Programme was launched 26 years ago. Until 2013, it was a standalone programme. In 2014, it became part of Creative Europe, which brought together MEDIA, Culture and MEDIA Mundus programmes and a new cross-sectorial strand involving all cultural and creative sectors. The current budget of the MEDIA Programme is coming to an end in 2020.

The Commission tabled the general MFF proposal on 2 May, which included an increase in the MEDIA budget. The new programme proposed still called Creative Europe will contain 3 strands: Culture, MEDIA and the cross-sectorial. The MEDIA and Cross-sectorial will be as follows:

MEDIA: €1.081 billion will fund audiovisual projects and stimulate competitiveness in the audiovisual sector in Europe. The MEDIA programme will continue to support the development, distribution and promotion of European films, TV programmes and video games. In the coming years, more money will be invested in the international promotion and distribution of European works and innovative storytelling, including virtual reality. An online directory of EU films will be created to reinforce the accessibility and visibility of European works.

CROSS-SECTORIAL: €160 million will fund SMEs and other organisations working in the cultural and creative sectors. The funding will also be used to promote cultural policy cooperation across the EU, to promote a free, diverse and pluralistic media environment, and to support qualitative journalism and media literacy.

The new Programme would be an evolution of the current one, in which the two general policy objectives of cultural diversity and competitiveness will remain essential. At the same time, to keep pace with the changes that are taking place in the audiovisual industry and with the Digital Single Market policies, the new Programme will have a stronger focus on the demand side and on promotion of European works. In order to maximise its impact, the new Programme will also focus on a more limited number of projects and actions. MEDIA will also be made for flexible, in order to accommodate further cooperation across the value-chain.

Despite the current budgetary constraints, the Commission has increased the budget that will be allocated to MEDIA for the period 2021-2027, i.e. a total amount of €1.081 billion will fund audiovisual projects and stimulate competitiveness in the audiovisual sector in Europe.

Beyond the current MEDIA actions that will be maintained and modernised, some novelties deserve to be mentioned with the objective to better promote European works in a more and more competitive environment to accompany the Audiovisual Media Services Directive, as it will be amended in the near future.

As far as production is concerned, MEDIA will continue to support high-quality TV series and animation programmes, which represent a strategic area in terms of image and audience potential. At the same time, Europe will have to be innovative in

storytelling to be able to be present in new media, whether with interactive content, "mobile first" or web-series and to supply new forms of content driven by technology like virtual reality. MEDIA will encourage the European industry to pioneer these new and strategic areas.

MEDIA will encourage European industry players creating and promoting works able to compete with major US productions to take the necessary risks to scale up. The competitiveness of the European industry is at stake.

To stand out and increase visibility of European content in a fiercely competitive and more and more borderless digital space, global and effective digital promotional strategies will need to be developed. MEDIA will thus give priority to coordinated distribution and promotion strategies across borders. For European films with clear export potential, promotional activities in key global markets such as the United States, Asia or Latin America will also be supported.

To increase efficiency of our action MEDIA will encourage partnership and networking. The Europa Cinemas network, which is one of the biggest successes of the program, will be extended, particularly in Central and Eastern Europe, with a view to covering more medium-sized cities.

To increase the capacity of European small enterprises and foster exchange of best practices, networking and collaboration will be encouraged also in other strategic sectors such as video-on-demand and festivals. ..

The repository of European films, an online that will provide transparency on the VoD market has received massive industry support in Cannes; it will continue to be supported under the future programme and should stimulate the emergence of new business models and online tools enabling automated management of rights and offering possibilities of access to European works, including in territories where they have not been distributed.

The European Film Directory

The **goal** of the online directory of European films is to lay the foundation for an adaptation of the ecosystem in order to **increase the presence and visibility of European films on VOD** and benefit from the growing online market.

The specific purpose of the Directory is to increase **transparency on the market**, especially on the countries and VOD services where European films are currently made available. It will contain **reliable and constantly updated data on European films and their availability online in the VOD services in the different Member States**.

It will be managed by the European Audiovisual Observatory (EAO) who will use data acquired from Ampere Analysis (private company) to feed the database. In addition, the EAO would also ask to receive data from all VOD services available in the EU: TVOD, SVOD, EST, either independent or belonging to broadcasters or telecom companies or platforms owned by global operators. The tool would allow:

- National authorities, including film funding agencies, to be better informed on the quality of the offer of European films online in their country and, potentially, to develop suitable policy measures to foster the visibility of European films benefiting from public support;
- professionals, e.g. producers, distributors or VOD services to adapt their activities and improve the presence of European works online, notably the attractive titles.

The project has received a **massive support during the Cannes film festival this year with a manifesto signed by a number of stakeholders**: EFADs, ARP, Fondazione Cineteca di Bologna, EuroVOD, CNC, EFA, Studio Canal, Bertelsmann, SAAfilmDoo & Fassoo, SACD, ARTE, Universciné BE, Film Fund BE(FR), Europa Distribution, Europa International. At the same time other associations of producers (CEPI, EPC, EuroCinema, FIAD, FIAPF, IVF) have shown a nuanced support through a joint declaration insisting on the need for the tool to work on a voluntary basis and to respect the freedom to contract and distribution agreements. They also draw attention to the fact that some tools and databases already exist such as the Lumiere database managed by the EAO and the Agorateka run by the EUIPO. While we have responded to these concerns at a stakeholder meeting held in Brussels on 16/07/18, this shows the need to continue to evangelise the sector.

Next steps: The EAO is currently building the repository. A first prototype will be presented at Lyon during the Lumiere Festival in October this year. The European film repository will then be launched by the end of 2019. In the meantime a beta version will be presented in June 2019.

DIGITAL IN THE NEXT MFF

Different programmes

The Digital Europe programme: The Digital Europe programme is a new programme to allow co-investment in state-of-the-art capacities to reinforce Europe's capacities in key digital technology areas and widen their diffusion and uptake in areas of public interest and the private sector. It will provide support in five key areas that are essential for the future competitiveness of Europe, namely (i) high performance computing, (ii) artificial intelligence, (iii) cybersecurity and trust, (iv) advanced digital skills and (v) deployment and best use of digital capacity and interoperability. The new programme will address the mismatch between growing demand for latest technology and supply and will provide a boost to digital transformation of areas of public interest and industry. For example, in High Performance Computing, EU scientists and engineers turn massively to computing resources outside Europe; in Artificial Intelligence, the EU market is underdeveloped compared to the US; in Cybersecurity, the fragmentation and low public investment in cybersecurity is putting our society and economy at risk; finally, there are more than 350,000 vacancies in these fields that go unfilled and require new advanced skills. The new Programme will complement and support other European programmes, notably 'Horizon Europe' and the Connecting Europe Facility – Digital programme.

Horizon Europe: Support for research and research and technological development in digital is crucial and will continue under Horizon Europe. It focuses on next generation enabling technologies such as Artificial Intelligence and Robotics, Next Generation Internet, High Performance Computing and Big Data and other key Digital technologies. The programme will also continue to support e-Infrastructures and Open Science as well as the integration of digital across all other global challenges such as health, security, energy and mobility, climate, etc. Novel digital technologies developed by Horizon Europe will progressively be taken up and deployed by the Digital Europe programme.

CEF Digital: The new CEF Digital will focus on connectivity infrastructure only. It will in particular support projects which are essential for the success of the Digital Single Market. For instance, CEF will support actions providing Gigabit connectivity for socio-economic drivers, such as hospitals, medical centres, schools and research centres. Building on the huge demand for Wifi4EU so far, CEF will also continue to support very high quality wireless connectivity for local communities. Moreover, CEF will support the

deployment of 5G networks along major transport paths, supporting EU's leadership in developing highly innovative 5G services across the continent. Finally, CEF will contribute to connecting households throughout the EU with very high capacity networks, complementing actions under InvestEU and cohesion funds, as well as contribute to increasing the resilience and capacity of EU backbone networks where the market fails to deliver, such as undersea cables for remote areas or from our continent to other world regions.

Creative Europe: The programme will cover the creative and cultural sectors, especially the audiovisual sector with its MEDIA strand. The new programme will allow the sector to develop and create ambitious and innovative works and to make them accessible to a wide and diverse audience. It will also intensify testing new business models enabling creators to make best use of digital technology for creation and audience development. For the first time the programme will also cover activities supporting media freedom, media pluralism and empowering citizens through media literacy.

Synergies between different EU programmes

Horizon Europe:

Whereas several thematic areas addressed by Digital Europe and Horizon Europe converge, the type of actions to be supported, their expected outputs and their intervention logic are different and complementary. Research and innovation needs related to digital aspects are identified and established in the Horizon Europe strategic research and innovation plans; this includes research and innovation for High Performance Computing, Artificial Intelligence, Cybersecurity, combining digital with other enabling technologies and non-technological innovations; support for the scale-up of companies introducing breakthrough innovations (many of which will combine digital and physical technologies); the integration of digital across all the Global Challenges and Industrial Competitiveness pillar; and the support to digital research infrastructures.

Digital Europe focuses on large-scale digital capacity and infrastructure building in High Performance Computing, Artificial Intelligence, Cybersecurity and advanced digital skills aiming at wide uptake and deployment across Europe of critical existing or tested innovative digital solutions within an EU framework in areas of public interest (such as health, public administration, justice and education) or market failure (such as the digitisation of businesses, notably small and medium enterprises).

Digital Europe is mainly implemented through coordinated and strategic investments with Member States, notably through joint public procurement, in digital capacities to be shared across Europe and in EU-wide actions that support interoperability and standardisation as part of developing a Digital Single Market.

Digital Europe capacities and infrastructures are made available to the research and innovation community, including for activities supported through Horizon Europe including testing, experimentation and demonstration across all sectors and disciplines.

As the development of novel digital technologies matures through Horizon Europe, these will progressively be taken up and deployed by Digital Europe.

Synergies with Union programmes under shared management, including the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European

Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF), shall ensure that: Arrangements for complementary funding from Union programmes under shared management and the Digital Europe Programme are used to support activities providing a bridge between smart specialisations and support to the digital transformation of the European economy.

Examples of Impact of Digital Europe Programme

HPC

- Two exascale machines by 2022/2023 (at least one with European technology)
- At least one post-exascale machine by 2027.
- Hybrid HPC-Quantum infrastructure by 2017

Cybersecurity

- By 2020: At least one cybersecurity competence centre per Member State
- By 2025: encryption techniques that can resist quantum computing

Digital Innovation Hubs

- 45 Hubs across the EU
- 90 experiments per hub
- Reaching ~42000 SMEs

Advanced Digital skills

- Increase ICT specialist employment from 8.2 million in 2016 to at least 12.3 million in 2027
- Increase growth rate of ICT specialists from 3.3% (2007-2016) to 4.3% (2016-2027) per year.

Modernisation of public administration

- By 2030: 450 million citizens and 24 million SMEs benefit from "Once Only Principle" for their administration information

Digital health

- By 2022: 1 million of sequenced genome
- By 2027: 450 million citizens have access to health records and 100 million citizens have digital tools and services to improve the management of their health condition.
- Data from 10 million citizens available for new discoveries

Next steps

The Commission's proposals on the future Multiannual Financial Framework are the beginning of a process that will determine whether the Union has the means to deliver on the positive agenda agreed in Bratislava and Rome. The final decision will fall to the Council, acting by unanimity, with the consent of the European Parliament.

The Commission has proposed a fair and balanced package that, if agreed, will equip the Union at 27 with a budget that delivers efficiently for all. A modern budget in a digital that will prepare our Union well for the future.

Meeting with Charles Rivkin, CEO of MPA
Brussels, 5 September 2018



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