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To: SKONIECZNA Agnieszka (CAB-BRETON)
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Subject: Conference call Commissioner Breton representatives AV industry: main points
Date: lundi 6 avril 2020 12:34:07

Dear Agnieszka,

Please find attached the flash report of the meeting scheduled last Friday between Commissioner Breton and high level representatives of the AV industry, approved by Giuseppe.

Best,

[REDACTED]

BTO Conference call Commissioner Breton representatives AV industry

1) Views of the broadcasters

a) Public Service Media (PSM) [REDACTED] France Televisions:

- The 3-pronged role of PSM: inform, educate and entertain even more relevant during the outbreak. Increase of audiences, however, decrease in advertising revenue, leading to acceleration of value shift to global platforms. (NB. They did not explain why advertising revenues are declining only for TV but not for OTTs).
- Short term concerns: cybersecurity/fake news and journalists' safety (masks)
- Medium term concerns: financial sustainability of PSM and access to public service content on platforms (must-carry/must-include on digital services needed)
- Responses at EU level:
 - Scaling up, through eg. partnerships between media and telecom companies for example to address common challenges such as disinformation.
 - Build a EU common digital infrastructure to gain technological sovereignty (e.g. common data lakes and AI solutions).
 - Foster a truly EU AV ecosystem, linking producers, start-ups, media companies and platforms, able to manage rights at EU level. In this context, FR TV is working on a single content high-end TV series market "the alliance", with RAI and ZDF and on a common European cultural platform, led by ARTE.

b) Private broadcasters: [REDACTED] Mediaset

- Estimated 20% loss of advertising revenue

- Short-term measures: as a declining advertising market is a main source of concern, any relief such as tax incentives for advertising welcome. No ask for public subsidies, but call for fair competition in a market characterised by systemic and growing asymmetry with platforms
- Responses at EU level:
 - Changing safe harbour in e-commerce directive
 - Addressing the market power of the dominant platforms in the online advertising market
 - Market cap in the online advertising market (as we did back in 1989 with TWF with advertising limits for broadcasters). Not clear
 - Algorithmic transparency; Break up of SV monopoly on data
 - Robust copyright implementation
 - Facilitate R&I investment on eg. open source technology and spectrum. 3% of the envelope of Horizon 2020 should be earmarked the media industry in line with its contribution to GDP

2) Views of cinemas exhibitors

Europa Cinemas and
 Kinopolis

- Following lockdown, cinemas do not have revenues any more. Losses estimated at 100k per screen per month. High renting costs is a specific problem for commercial multiplexes.
- With more than EUR 500 Mio of global turnover; Europe cinemas network is key for creating value for European films, actually, the network provides btw 50-90% of the market share for EU films. As such, their closure has a significant impact for EU content.
- Short-term problem: Huge cash flow problems, urgent need of liquidity now to help cover running costs and social costs.
- Medium-term challenge: Cost of reopening cinemas will be significant, as audiences have lost confidence. Support will be needed after confinement; in particular, to provide additional sanitation measures. In addition, there will be problems of lack of content to show over a longer period, in particular EU content because productions are stopped.
- Responses at EU level:
 - Shorten payment deadlines of EU subsidies to facilitate cash flow;

- Do a mapping country by country analysis to assess the situation and see where support is most needed;
- Support innovative approaches to sanitation and audience engagement in view of gradual reopening, through eg. through collaboration with other stakeholders in the cultural ecosystem facing similar situations (live performance, or theatres)

3) Views on financing of production and distribution

Beta Films,
 Morena Films,

 IFSIC

- Production companies have lost half of their turnover, which will have a big impact on their balance sheet. Distributors who invested and bought the rights of the content are also heavily impacted. The crisis has also brought about significant employment issues as the industry employs many free lancers.
- Short term: urgent need of liquidity; production is typically a project-based business and projects are not made without cash. Producers about to release films are among those most severely affected. Insurance is also a big problem to keep companies alive. US streamers are the big winners of the crisis; they should support the whole EU AV ecosystem. AVMS quotas on EU content very much welcome.
- Medium term: Shift support from projects to companies to strengthen their financial viability, as it is already happening in some countries (FR)
- EU responses:
 - Reschedule loan payments to alleviate cash flow problems;
 - Top up the Culture and Creative Sectors Guarantee Facility (CCS GF) to enlarge coverage, while keeping or increasing investment volumes;
 - Encourage equity investment in AV companies through public private investment partnerships to help companies scale up and consolidate;
 - Loosen state aid regulation (eg. definition of a struggling company);
 - Public finding geared towards development to help keep independent companies afloat;
 - US platforms to be encouraged to re-invest part of the revenues they are getting during the crisis for the benefit of the whole ecosystem. EU regulation on line advertising or higher quotas for EU content could also be considered.