




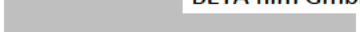




Minutes of the follow up video conference with the audiovisual ecosystem

Participants :

 EBU – France Télévisions,
 , Mediaset
 , Europa Cinemas
 Kinopolis Group
 BETA film GmbH
 Morena Films  European Producers Club
 IFCIC

Commissioner Breton introductory remarks:

We are entering in phase 2 of the crisis and going back progressively to normal life. We need to find the right way to support the ecosystem during the lock down and at the same time, start preparing for the relaunch. Not one single country is capable to address the situation on its own. So we have to convince Member States to set up an Emergency Fund to give liquidity to the system in order to cope with the current situation and support all ecosystems impacted by the outbreak.

Commissioner asked feedback on:

- Impact of COVID since the first call;
- Measures taken at European and national level, and how the EU can further help in addressing the situation;
- Estimates of financial and investment needs for the recovery;

Feedback from participants

All participants agreed that phase 2 will be more complex and painful than phase 1 and recovery will take longer than expected.

a) Views of the broadcasters

- It is becoming harder to get good content as currently it is impossible to shoot. Need to set up an insurance mechanism to cover the risk of Covid-19 for European productions and re-start shooting ASAP, through a Fund guaranteed by MS or the EU. Costs to set such fund in France would amount to EUR 50 Mio. EBU will send estimates on the cost of setting-up a Guarantee Fund at EU level;
- Advertising market has shrunk (50% in April for Mediaset). Need to recover the advertising market losses, through initiatives such as extending the Italian tax credit initiative which currently targets only press/local broadcasters to all media;
- Growing asymmetry with the OTTs, which could be addressed through the introduction of a temporary levy/purpose tax targeting the OTTs that concentrate the bulk of the online advertising market;
- Review antitrust policies to facilitate the creation of big pan-European media groups;

b) Views of cinemas exhibitors

- Situation has not changed since previous call; namely zero revenues.
- Cinemas are essential social element of a post Covid-19 society. Cinemas have to start carefully preparing for re-opening in order to re-gain confidence from audiences and avoid backfiring.
- COMM should engage with MS, as limited support for cinemas has been put forward by Member States, except in France and Germany;
- Cinemas should engage with live performance sector, which could learn from the experience of cinemas theatres;
- Not accurate figures available on the actual costs of re-opening as the dates for re-opening is still uncertain. However, some cinemas could re-open over summer under very strict controlled

measures and with less capacity than before, to entertain citizens that will not be able to travel in July and August. 'Hibernation' of rental fees could be a good solution, to facilitate the survival of companies and limit public intervention;

c) View of producers and financiers

- The big majority of production and distribution are losing money. Producers estimate the net loss of 6 months of lockdown (i.e. suspension of shootings) at aprox. EUR 2,5 Billion and 50% of their revenues;
- Several Member States have put in place short-term relief support mechanisms but problems will be more acute in the second half of the year;
- US companies and investment funds are eyeing several European companies to acquire them and get their IP. It is important to ensure that support funds at national and EU level sustain European companies that remain under European ownership and produce European content;
- Lack of insurance coverage for audiovisual productions is a critical issue to re-start shooting; thus, the set-up of a guarantee mechanism ensuring adequate insurance protection is key to resume production.
- AVMS Directive can play an important role; actually investment obligations on independent European productions should apply not only to broadcasters but also to OTT players, which should contribute to the financing European audiovisual ecosystem on an equal footing;
- Difficulties to accessing bank finance will grow with the worsening of companies' balance sheets; so facilitating access to finance will be vital. The Culture and Creative Sectors Guarantee Facility should be extended to facilitate lending to creative SMEs;
- State rules thresholds could be reviewed to extend public support

Commissioner Breton concluding remarks

Commissioner is fully committed to provide financial help to make up for the losses and re start activities immediately after the lockdown as audiovisual activities are essential and strategic;

Next meeting to be convened in 2-3 weeks 'time.

Industry to think afresh and come up with proposals to 'reinvent' the ecosystem after the lockdown, using the funding to embrace the digital and green revolutions;