

To all stakeholders

25 June 2004

Dear Colleague

NEW EU MEDIA PROGRAMME 2007-2013

The purpose of this letter is to invite you to contribute to the development of the UK negotiating position for the new programme that will succeed Media Plus from 2007. We are consulting widely to get as many views as possible on the direction the new Media programme should take, and in order to help us develop as robust and thorough a negotiating position as possible. We would welcome any general or specific comments on any aspect of the planned programme.

Please note that the deadline for responses is Friday 24 September.

The following information is attached:

- Annex A outlines the negotiation process and poses a number of questions on which we would be interested in hearing your views.
- Annex B provides a summary of the main aims and measures of the current Media Plus programme and the benefits and impact it is having in the UK and for British companies.
- Annex C summarises the European Commission's outline thinking on the proposed new programme, scheduled to start in 2007.
- The circulation list for this letter is attached at Annex D. If you are aware of other organisations or individuals who should be involved please e-mail me their details and I will add them to the mailing list.



If you have any queries please feel free to phone or e-mail me (020 7211 6434, paul.candler@culture.gsi.gov.uk), my colleague Rebecca Greenfield (020 7211 6428 rebecca.greenfield@culture.gsi.gov.uk) or Carol Comley at the Film Council (020 7861 7861, carol.comley@ukfilmcouncil.org.uk)

I would like to thank you in advance for your cooperation.

**PAUL CANDLER
HEAD, FILM BRANCH**

ANNEX A

INTRODUCTION

This document is seeking the views of any organisations and individuals who have an interest in the future development of the Media programme.

Negotiations on the new Media programme will be conducted in Brussels in a forum known as the audiovisual working group (AVWG). The AVWG operates within the scope of the European Commission's Directorate for Education and Culture. DCMS (and Foreign Office) officials will lead on the negotiations, advised by the UK Film Council and by the response received to this consultation process.

It is probable that negotiations on the new programme will start in autumn 2004. Ultimately, the negotiations will have to be completed before the end of 2006 to enable a new programme to start by the beginning of 2007.

In general terms, we would like to hear your views on what you think should be the aims, objectives and priorities of the new programme (details of which are at Annex C) but you are welcome to raise any points or issues you regard as relevant.

These may concern whether particular measures, such as training, distribution or pilot projects, should remain part of the programme. You may have views on the way the programme is run, or promoted, or on how easy it is to obtain funding from the current Media Plus programme. Are the guidelines for applicants user-friendly? We would also be interested to hear your views on the Commission's proposal to integrate the "i2i" initiative into the new programme.

However, we do not wish to constrain your contribution in any way: our aim is to conduct as wide and open a consultation as possible.

The deadline for submitting response is Friday 24 September. Responses can be sent by e-mail or by post and should be sent to Rebecca Greenfield, Films Branch, Creative Industries Division, DCMS and copied to Carol Comley, Head of Strategic Development, UK Film Council, 10 Little Portland Street, London W1W 7JG.

The DCMS may make your response public. If you do not want all or part of your response or name made public, please state this clearly in the response. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for which confidentiality has been requested.

We will handle any personal data you provide appropriately in accordance with the Data Protection Act 1998.

This letter and attachments are being posted on the Department's website (www.culture.gov.uk).

If you should wish to complain about the manner in which the consultation has been carried out, you should write to: Paul Walker, Strategy Policy and Delivery, DCMS, 2-4 Cockspur Street, London SW1Y 5DH.

ANNEX B

MEDIA PLUS PROGRAMME 2001-2006

Media Plus is a support programme for the audiovisual industries in Europe. Media Plus is the third tranche of the programme: Media I (€200m) ran from 1991-1995 and Media II (€310m) from 1996-2000. More information on Media Plus can be found at http://europa.eu.int/comm/avpolicy/mediapro/media_en.htm

The three principal aims of the programme are to:

- strengthen the competitiveness of the European film, TV and new media industries;
- increase the international circulation of European audiovisual product;
- preserve and enhance European cultural diversity.

In order to achieve these aims MEDIA support (€513 million over six years 2001-2006) is targeted at four priority areas: training, development, distribution and promotion. The programme also supports the development of digital pilot projects.

Training

Media Plus supports over 60 training activities which offer courses for European professionals mainly in the areas of financial and legal management, new-technologies and scriptwriting. The annual budget is around €8 million.

2003 Results

The UK has two established training providers Moonstone and Arista, joined more recently by two new ones: Draft Zero and the Script Factory. These providers benefit from MEDIA funds to offer high quality training courses for European professionals. In addition to this, British professionals take advantage of MEDIA-supported training with over 250 having attended one of these courses last year.

Development (including New Talent)

European producers apply to cover development costs of their projects. In 2003 €15 million was spent supporting 280 projects. Projects must demonstrate a European dimension and the applicant companies must show an international outlook in running their businesses.

2003 Results

Development has always been the UK's stronghold, but 2003 was the first year when the UK scooped the largest share of the fund with €2,790,000 (£1.9 m) going to UK companies. Examples of slate funding beneficiaries include Dan Films, Gruber Films, Sixteen Films, and Slate Films.

The mid-term evaluation of the Media Plus Programme recommended that there should be a close link between training and development. New Talent is what brings these two together. It is a development funding scheme which makes access to funding easier for professionals who have taken their project through certain MEDIA supported courses. 2003 was the first year in which this scheme operated with a budget of €770,000.

2003 Results

35% of the total amount distributed in this new scheme went to seven UK companies. This is an excellent result, which can only reassure us that the UK is the country where there is not only new talent, but it is sufficiently professionally developed to reach for training opportunities and then benefit further.

Distribution

Media Plus supports the trans-national distribution of European films. This is the principal priority for the Programme and over 60% of the funds are dedicated to five different distribution schemes. Currently, 90% of films distributed in Europe outside of their country of origin are supported by MEDIA. Apart from theatrical distribution, support is available for DVD/video distribution, television distribution and international sales.

2003 Results

Distribution of non-English language, European films in the UK has always been a challenge. British audiences in the main are unused to foreign-language product. Consequently the performance of our distributors in the MEDIA Programme could be more robust. The results have been improving recently. For example in 2002 only two companies applied for the Automatic Scheme and generated €122,637, while in 2003 six companies received €470,268 in total.

The following foreign films were released in the UK with MEDIA Selective support in 2003: *Nirgendwo in Afrika*, *It's All About Love*, *Le temps du loup*, *Noi Albinoi*, *Good Bye, Lenin!*, *Swimming Pool*, *Kitchen Stories*, *Son frere*, *Any Way the Wind Blows*, *La Finestra di Fronte*, *Los Lunes al Sol*, *Mieux que la vie* (aka *Jeux d'enfants*), *Reconstruction*, *Rezervni Deli*, *Tais-toi!* (aka *Les Tourtereaux*).

On the other hand, British films sell very well in Europe. Even though this means that Media grants go to foreign distributors (i.e for distributing British films in Europe) often it is British films that benefit from the support (approximately €4 million in 2003).

TV Distribution is beginning to pick up. €2.2 million went to British television companies to support their television projects with international distribution potential. Examples include Brook Laping's *The Irak War – One Year On* and Teledu Opus TV's *The Normans*.

It is expected that the UK's DVD/video publishers will do well in the new scheme, which closed in April.

Promotion

MEDIA supports over 80 festivals of European film (including six UK film festivals and market activities over the past three years) and also a range of international events that promote European talent or facilitate the access of European professionals to different markets and industry events. Four of the UK festivals have been supported annually for the past two years. These festivals include Leeds International Film Festival, Onedotzero, Cinemagic, Brief Encounters, Celtic Film and Television Festival, and Sheffield International Documentary Film Festival. Further examples of MEDIA-supported initiatives include European Film Promotion's Shooting Stars at the Berlin Festival, or Producers on the Move at Cannes International Film Festival. Cinemart, Cartoon Forum and the Amsterdam Documentary Forum are amongst the supported specialised markets.

2003 Results

UK professionals actively pursue opportunities offered by MEDIA-supported organisers and benefit from MEDIA subsidised and assisted attendance at all the major international markets and festivals:

Cartoon Forum 2003 – 170 UK attendees

Cartoon Movie 2003 – 30 UK attendees

MIPCOM 2003 – 34 UK attendees through MEDIA support

MIF at Cannes 2003 – 41 UK attendees through MEDIA support

MIPTV 2003 – 23 UK attendees through MEDIA support

Pilot Projects

The Pilot Projects measure is designed to ensure the Media programme keeps pace with technological development. In Media Plus this support is directed at cinematographic heritage, European audiovisual programme archives, catalogues of European audiovisual works and the digital dissemination of European content through for instance advance distribution services.

In 2003 5 out of 7 projects had UK partners

BMB-SE	€500,000	UK partner: Microsoft Corporation
BIRTH	€317,112	UK partner: BBC
D-CINEMA	€1,299,000	UK partner: Europe Star

New projects:

EUROBOX	€150,000	UK partner: Microsoft Windows
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EUROPEAN
DOCUMENTARY

ZONE	€1,363,186	UK partner: Docspace
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i2i Initiative

The i2i initiative is not currently part of, but runs in parallel with the Media Plus programme. The European Commission is proposing that "i2i" is integrated into the new programme. The initiative is intended to help film and audiovisual production companies access external funding from banks and other financial institutions, by supporting some of the costs of the guarantees required by these banks or financial institutions and/or part of the cost of a loan for financing the production of their works.

In 2003, there were two UK beneficiaries of the initiative: Haystack Productions and Scala Productions both received funding of €50,000.

Annex C

NEW MEDIA PROGRAMME 2007-2013

Media Plus, the current round of the Programme expires at the end of 2006. Work has already begun on the generation of the new programme, which will start in 2007. Last year the Commission undertook extensive consultation and carried out a mid-term evaluation of the current Programme. The UK was actively involved in the consultation meetings that were held in Brussels in July 2003 and hosted the focus group meeting in London on the future of the Media Training strand, with Stewart Till representing Skillset/UK Film Council.

The European Commission issued outline proposals for the new programme in March 2004 (further details can be viewed at: http://europa.eu.int/comm/avpolicy/media/index_en.html). The Commission is planning to issue detailed proposals in July 2004. In parallel with this process the UK is now developing its detailed negotiating position towards the new programme.

The Commission is proposing that the new Media programme's global objectives will remain unchanged. The new programme will contribute to preserving and enhancing European cultural diversity, increasing the circulation of European audiovisual works, and strengthening the competitiveness of the European audiovisual sector.

It is proposed that the new programme's actions will continue to concentrate on the stages before production (acquiring skills, development) and after production (distribution, promotion, pilot projects in digital technologies). Actual production of films will continue to be supported by national mechanisms, which in the case of the UK means primarily tax relief and lottery funding. The new programme will focus on small and medium size enterprises (SMEs) and will include innovative actions to facilitate SMEs access to finance.

The Commission is also proposing that the i2i initiative be incorporated into the new programme. The i2i initiative is currently separate from, but runs in parallel to the Media programme. It is intended to help film and audiovisual production companies access external funding from banks and other financial institutions, by supporting some of the costs of the guarantees required these banks or financial institutions and/or part of the cost of a loan for financing the production of their works.

The following targets have been set for the new Media programme:

- To increase the market share of European films distributed outside their country of origin from the current 11% to 20% in 2013
- To double the number of screens exhibiting European non-national films, with particular attention to a young audience
- To enable 40 European film academies to co-operate in order to improve skills and facilitate exchanges of know-how at a European level

- To double the number of audiovisual projects supported, with particular attention to co-productions
- To double the number of European distribution campaigns.

Timetable for the new Media programme

It is difficult to be precise about the timetable for the negotiations that will take place in Brussels on the new programme but they will probably start in autumn 2004, when the Netherlands will hold the EU Presidency.

In considering the timetable, there are a number of factors that need to be highlighted. A major consideration in developing a new programme will be the outcome of the negotiations for the EU's total budget for the 2007 to 2013 period, which are currently underway. Until the position on the overall EU budget has been settled there can be no guarantee that any programmes, such as Media, will receive funding after 2006. Firm conclusions on the EU budget are not expected before mid-2005. Until the budget is settled, the negotiations on the new Media programme (and those for other Commission programmes) will be operating in an environment of uncertainty.

Budgetary considerations aside, the negotiations for the new programme should be well underway by the time the UK holds the EU Presidency in the latter half of 2005. In order for the new programme to start promptly at the beginning of 2007, negotiations will need to have been completed before the end of 2006 to allow sufficient time for the new programme to be agreed and adopted by the Council of Ministers and European Parliament.

We will contact you again to keep you informed of developments once we have a more developed UK brief and have received the Commission's detailed proposals. We will keep you regularly updated, particularly once negotiations in Brussels start in earnest. It would also be appreciated if we could contact you for your further views, either as a whole or on an individual basis, as issues arise in the negotiations.

ANNEX D

CONSULTATION LIST

BBC: David Levy

British Council: Paul Howson

British Film Institute: Amanda Nevill, Richard Paterson

British Screen Advisory Council: Fiona Clark-Hackston

Cabinet Office: Kirsten Siddall

Cinema Exhibitors' Association: John Wilkinson

DCMS: Paul Candler, Rebecca Greenfield, Michael Helston, Kate Jones

Devolved administrations: Jane Jeffrey, Scottish Executive, Prys Davies, Welsh Assembly, David Craig, N Ireland

DfES: Pauline Charles

DTI/DCMS e-Cinema Group: Tim Gettins

Festivals: Chris Fell

Film Archive Forum

Film Distribution Association: Mark Batey

Film Export Group: Clare Wise/Steve Burtrand

National Film and Television School: Nik Powell

New Producers' Alliance

Northern Ireland Film and Television Commission: Richard Williams

PACT: John McVay, Tim Wilson

Regional Screen Agencies, England: Chief Executives

Scottish Screen: Steve McIntyre

Skillset: Dinah Caine, Helen Bagnall

Sgrin: Berwyn Rowlands

Sample of applicant companies (successful and unsuccessful) across the main

Department for Culture, Media and Sport

measures of the current programme (via Agnieszka Moody and Media antennae)

Treasury: Will Armitage, Dan Gregory

UK Film Council: John Woodward, Carol Comley, Jonathan Davies, JJ Lousberg, Chris Chandler, Paul Trijbits, Robert Jones, Jenny Borgars, Pete Buckingham

UK Media Desk and Antennae: Agnieszka Moody, Emma Valentine, Gwion Owian, Cian Smyth

UKRep, Brussels: Jo Hawley