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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE
EUROPEAN PARLIAMENT, THE ECONOMIC AND SOCIAL COMMITTEE AND
THE COMMITTEE OF THE REGIONS**

**concerning a proposal for a programme in support of the audiovisual industry
(MEDIA Plus – 2001-2005)**

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on the implementation of a training programme for professionals in the European
audiovisual programme industry
(MEDIA - Training) (2001-2005)**

Proposal for a

COUNCIL DECISION

**on the implementation of a programme to encourage the development, distribution and
promotion of European audiovisual works
(MEDIA Plus - Development, Distribution and Promotion) (2001-2005)**

(presented by the Commission)

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1. Introduction

The development of digital technologies amounts to a revolution which will lead not only to a radical change in the economics of the audiovisual sector, but also to new methods of creation involving new players and new contents and services.

Against this background of the proliferation of methods of distribution, all those involved are agreed that the production of content, and in particular audiovisual content, will be a major value-added sector in the 21st century capable of strengthening economic growth and cultural diversity in the European Union¹.

For producers and distributors, the advent of the digital age offers new opportunities with the diversification of direct and derived modes of exploiting works. It also presents challenges because of the reduction and fragmentation of the returns from each distribution, making it essential to develop financing and marketing strategies at international level.

In this framework, it is essential for the authorities - including the European authorities - to back these initiatives with specific, complementary financial support measures aimed at strengthening the presence and share of European content producers.

The Commission's proposal for a MEDIA Plus programme is a product of this approach. Faced with a new environment marked by the *de facto* globalisation of the methods of exploitation, the European audiovisual content industry, because of its fragmentation, is not yet fully able to stand up to the growing world-wide competition. The Commission's proposals are intended to establish optimum conditions based on a coherent strategy and clear objectives, with a view to overcoming these difficulties and allowing European operators to position themselves as best possible in these new markets while exploiting European cultural diversity.

2. A strategic sector: the audiovisual content industry

A strong potential for growth and a source of highly qualified jobs

The industries of the information society, including the audiovisual content industry, have become one of the dynamic sectors of the European Union's economy. The audiovisual industry employed 950 000 persons in the European Union in 1995, and 1 030 000 in 1997².

¹ 1999 Telecoms Review (Commission Communication on the Review of the Regulatory Framework for Electronic Communications Services: Infrastructure, Transmission and Access Services), COM(1999) 539 final.

² Job opportunities in the Information Society: Exploiting the potential of the information revolution, COM(1998) 590 final.

Income from this market is expected to grow by 70% by 2005, and that could be reflected in the creation of more than 300 000 highly qualified jobs during that period³.

This growth will be due, in particular, to the development of bouquets of digital channels offering the consumer a range of diversified products. Even now, the number of television channels available in Europe has increased sixfold between 1990 and 1998, from 104 to 659. It is estimated that more than 1000 channels will be broadcast across Europe in 2000⁴.

The introduction of the first search engine for the World Wide Web in 1994 marked the start of the Internet as a mass medium. However, no-one could at the time could have foreseen the explosive growth of this means of disseminating information, which now reaches 180 million households throughout the world, of which 43 million are in Europe. Current developments in technology hint at a wide range of possible applications: creation of new on-line services for interactive television, video-on-demand (VOD), and electronic dissemination in cinemas. At this stage, however, it is impossible not only to forecast when these technologies will be in a position to become established on the market, but also to assess the real impact of these changes on the habits and choices of consumers.

An analysis of the market and forward studies nevertheless indicate that these new methods of distribution represent a real extension of the audiovisual markets, and not just a substitution phenomenon.

Existing methods of dissemination, such as cinema or video, are showing growth or even a major upswing, despite the proliferation of competing services (pay-TV, near-video-on-demand). For instance, with 814 million seats sold in 1998, cinemas in Europe have returned to a level comparable to that of the early 1980s, before the advent of private TV stations. The number of cinema films produced in Europe, as well as the number of films distributed, is also increasing. At the same time, the video market - and sales in particular - is continuing to grow despite the increased competition from television channels, including pay-channels.

A changing economy

The development of digital dissemination techniques (bouquets, Internet, DVD) is raising hopes because of the considerable increase in demand for content. This growth is reflected in a diversification of the modes of exploitation, an increase in the marketing life of productions, the emergence of new derived products and a globalisation of the market.

It is also raising some concerns because of the fragmentation of the audience for the new channels and the new audiovisual services. For instance, the number of television channels available in Europe tripled between 1995 and 1998, while the average time spent by Europeans in front of the TV set was 205 minutes per day in 1998⁵. This fragmentation is reflected in a reduced financial capacity on the part of the distributors and by a longer exploitation cycle for works. As an example, a television production which could in the past pay for itself in one or two national broadcasts will now require a large number of broadcasts over a long period of time in order to amortise its costs.

³ Study produced for the Commission by Norcontel Ltd, Economic Implications of New Communications Technologies on the Audiovisual Markets, final report, 15 April 1997.

⁴ Screen Digest, May 1999.

⁵ IP Study (CLT-UFA), 1998.

One of the expected effects of the proliferation of means of electronic dissemination is the disappearance of the bottlenecks caused, in particular, by the investment costs required for the physical distribution of the products (printing, storage and transport of copies of cinema films or video cassettes, for example), and this could promote the market access of a wider range of works. However, against a background of increased competition to capture the attention of the final consumer, the necessary investment will probably be devoted increasingly to advertising and marketing, thereby raising new barriers to entering the market.

As things stand at present, there is also a growing concentration of resources on certain types of programme (e.g. sport repeats), leaving fewer resources available for the production and acquisition of creative content (documentaries, films and features, animated films).

In this context, the key to market access for producers and holders of European content will lie more and more in defining marketing strategies developed at international level for the entire range of means of distribution.

European content industry ill-prepared

Confronted with this new digital economy, the European content industry appears inadequately prepared and still suffers from structural weaknesses:

- On top of the fragmentation of individual revenues as a result of the increasing number of distribution channels there is also a fragmentation of the national or regional markets, weakening the transnational movement of programmes within the European area.
- This fragmentation leads to a vicious circle of under-investment right from the conception of audiovisual works, and then at the production and distribution stage, resulting in low profitability of the works and hence a reduced investment capacity.
- Finally, this fragmentation is reflected in an under-capitalisation of undertakings that jeopardises their industrial development strategy at international level, particularly in terms of building up catalogues of rights which are sufficiently attractive to find different windows of exploitation in all types of medium.

The challenge: exploiting works at international level

In the context of developing digital distribution methods, taking account of the international dimension of the market is no longer an option for the producers and distributors of European content, but a vital necessity.

In particular, mastering the diverse modes of distribution at international level is the cornerstone of any strategy for developing the European content industry.

3. A new approach: audiovisual support policy in the digital age.

The growing economic importance of audiovisual content calls for the development of a European industry which is competitive and able to benefit from the strong growth in demand for content.

Since 1997, the Commission has been engaged in a detailed study of its audiovisual policy, in particular as regards the current and future implications of the advent of the digital age. This process was based above all on the wide-ranging consultation of professional circles, both at the conferences held in Birmingham (April 1998) and Helsinki (September 1999) and in the public consultations held in 1998 on the Green Paper on the convergence of the telecommunications, media and information technology⁶.

These consultations, and the remarks and contributions received in response to the report from the High-Level Group on Audiovisual Policy⁷, have produced a new approach to support policy at European level based on the following principles:

- The support mechanisms set up at European level must take account of national diversity by being complementary to national and regional policies and by bringing the added value of the European dimension.
- Community aid must therefore concentrate on attaining industrial and structural objectives, while nevertheless bearing in mind the specific needs of countries and regions with a low audiovisual production capacity and/or small geographical or language areas.
- The European Union must give priority to establishing automatic mechanisms or support mechanisms for companies based on market performance with a view to generating structural effects in the sector.
- The new opportunities for exploitation opened up by digital technology provide new scope for both creation and distribution which must be taken into account. It is, however, difficult at this stage to assess the real consequences of these developments in the medium and long term. The approach adopted by the support systems in order to strengthen European operators must be pragmatic, in synch with the audiovisual market and reflect the changes in the sector (technological neutrality). To this end, it is necessary:
 - to set up and develop an information system for monitoring developments in the market in response to technological developments (pilot projects),
 - to make regular assessments and make the necessary adjustments to the support mechanisms,
 - to set up an information system for exchanging experience with Member States with a view to achieving synergy.

Given this new environment, the results of the evaluation of the MEDIA II programme and of consultations undertaken by the Commission, an increase in the programme's resources appears to be necessary. This increase is, in particular, justified by:

- a greater consideration of the specific needs of the industries in countries with lower audiovisual capacity and/or restricted geographic and linguistic area;

⁶ COM(97) 623 final and COM (1999) 108 final; the conclusions of the Birmingham and Helsinki conferences are available at the following web-sites: <http://europa.eu.int/eac> and <http://presidency.finland.fi>

⁷ The Digital Age: European Audiovisual Policy, report of the High-Level Group on Audiovisual Policy, Luxembourg, 1998.

- the increased use of automatic support mechanisms based on market performance;
- the emergence of new needs and new projects linked to the development of digital technologies;
- the predominance which must be given to the transnational circulation of European audiovisual works, within and outside the European Union.

4. Principles of intervention under the MEDIA Plus programme

As with MEDIA II, the measures planned under the MEDIA Plus programme concern two different fields of action: education and vocational training (Article 150 of the Treaty), and industry (Article 157 of the Treaty)⁸. The two proposals for Council Decisions presented in the Annex to this Communication reflect the new approach set out above and take into account the following elements:

- the results and the mid-term assessment of the MEDIA II programme⁹ highlighted the effectiveness of a number of mechanisms and the results obtained by the MEDIA II programme, while proposing measures to adapt the objectives and support instruments to the new challenges of the digital age; this assessment also vindicated the choice of the transnational movement of works as the priority for the programme, as well as the concentration of aid on three strategic sectors (vocational training, project development and production, distribution and promotion companies).
- the complementarity and coherence with the other Community measures following a common strategy, such as the education and training programmes, the support programmes for SMEs and information society technologies. The review of existing financing instruments to stimulate early stage financing in all parts of the Union as set out in President Prodi's eEurope initiative launched on 8 of December 1999, should offer new possibilities for start-ups developing and producing high-quality content using new technologies. A close link should be established with the relevant actions of the User-friendly information society programme under the 5th Framework Programme for Research and Technological Development. The relevant key actions of the programme develop technologies, test-beds, trials and services, which could be potential objects for support by MEDIA Plus in the market phase. Coherence is also needed with the forthcoming proposals for the follow-up of the INFO2000 and MLIS programmes.
- the desired complementarity with the policies implemented at national and regional level. In particular, Community action must concentrate on those stages of the audiovisual chain in which its interventions produce the greatest added value: upstream and downstream of the production process.

⁸ The MEDIA II programme was also based on two Council Decisions: in the field of training (Article 127 of the Treaty), the programme was implemented by Council Decision 95/564/EC of 22 December 1995, OJ L 321, 30.12.1995, p. 33; in the field of development and distribution (Article 130 of the Treaty), the programme was implemented by Council Decision 95/563/EC of 10 July 1995, OJ L 321, 30.12.1995, p. 25.

⁹ Commission report on the results obtained under the MEDIA II programme (1996-2000) from 1.1.1996 - 30.6.1999, COM(1999) 91 final.

- The open-ended nature of the programme: following on from the cooperation already embarked upon with the countries of the EEA and Cyprus, the proposals clearly state the readiness to extend the programme to include Malta, the associated countries of Central and Eastern Europe, Turkey as well as the countries party to the Council of Europe convention on Transfrontier Television, subject to their national legislation being substantially aligned with the *acquis communautaire*, and in particular the provisions of the "Television without frontiers" Directive¹⁰. The existence of an adequate legal framework in terms of copyright will also be taken into consideration, with specific reference to the relevant Community directives¹¹. Developing and strengthening the audiovisual content industry will provide positive and specific support for the enlargement process. Under certain conditions, the programme will also be open to other third countries in Europe. Finally, the two proposals offer the possibility of cooperation with third countries which share the European Union's objectives with regard to policy on audiovisual content.
- With a view to the regular updating of the support measures to take account of developments on the market for audiovisual content, the proposals provide for the implementation of pilot projects which, on the basis of conclusive results, may be used for the immediate updating of the main support mechanisms under the programme.

4.1 Training (legal basis: Article 150 of the Treaty)

Alongside the measures implemented by the Member States and under other Community programmes (such as Socrates and Leonardo), the measures proposed under the MEDIA Training programme are aimed at the following fields:

- application of the new technologies to the production and distribution of audiovisual programmes with a high artistic value and a strong commercial potential;
- exploitation of the development potential of the European and international market;
- economic and commercial management, including the legal aspects, financing of production, marketing and distribution;
- writing techniques, in particular for interactive programs intended for the new means of electronic dissemination.

In addition, the programme will encourage:

- networking, cooperation and the exchange of know-how between the partners concerned by the training activities (training establishments, professional associations, undertakings);
- training the trainers.

¹⁰ Directive 89/552/EEC, as amended by Directive 97/36/EC.

¹¹ Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights; Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission; Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property.

In these various fields, particular attention will be paid to training projects which use the new technologies as training tools or vectors, as well as to projects in countries with a low audiovisual capability or with a limited geographical/linguistic area.

The intensive training measures must ensure that a majority of the participants are of a nationality other than that of the country in which the training is taking place. They will have to comply with the rules established in the « framework for support to training » adopted by the Commission in 1998¹².

4.2 Development (legal basis: Article 157 of the Treaty)

The production of high-quality audiovisual programmes capable of generating substantial income on a growing number of media calls for considerable investment.

This investment must start at the stage of preparing the projects through adequate development to determine the feasibility of the project, the expected profitability of the work in the light of the cost of its production, and its commercial potential.

This process, which is widespread in other sectors of industry, remains too restricted in the case of audiovisual works and too often leads to the production of projects of limited economic viability.

In this sector, and while respecting the necessary complementarity between Community policy and national policies, the measures will aim to:

- encourage the investment of resources in the development of projects (writing and finalisation of the script, establishment of the financing plan, etc.), while insisting that, right from the development stage, there must be an international marketing strategy aimed at exploiting the work on a large number of media (direct and derived exploitation);
- encourage the most dynamic independent producers to implement genuine commercial development strategies based on packages of products.

The action lines implemented will be targeted at companies producing fiction, documentaries, animated films and interactive products (on-line, off-line and hybrid).

4.3 Distribution and marketing (legal basis: Article 157 of the Treaty)

A command of distribution techniques and networks allowing the investments to be amortised and generate profits is essential in order to ensure that European audiovisual content secures a strong position on the market. In particular, this involves the compilation and - especially - the exploitation of catalogues of programme works, such as cinema films, fiction, documentaries and animated works, which can be used and reused in many different formats.

Support for the distribution and marketing is thus the main component of the proposal for a MEDIA Plus programme.

The aim of the Community's intervention will thus be to improve the transnational movement of cinema and TV works and to stimulate European undertakings to use the new forms of exploiting programmes (on-line dissemination, programme digitisation, DVD).

¹² OJ C 343, 11.11.1998, pp. 10 to 16.

The measures proposed must make it possible to:

- improve the movement and profitability of European works on the European and world market for all the media available to consumers;
- strengthen the competitiveness of distribution companies (cinema, video, TV) and the compilation and exploitation of catalogues of European copyrights;
- develop networking and joint strategies at European level by developing the links between distribution and production;
- increase the production of works intended for the European market (distribution-led production), while respecting linguistic and cultural diversity;
- develop the public's knowledge of, and taste for, works from other European countries, thereby strengthening European cultural identity in all its diversity (multilingualism);
- use pilot projects to encourage a permanent link between the programme and technological change, in particular by promoting the programming of European audiovisual works on digital special-interest channels.

4.4 Promotion and market access, festivals (legal basis: Article 157 of the Treaty)

The specific objectives of the support for promotion are generally similar to that for distribution: however, mechanisms additional to those introduced for distribution are aimed at improving access to European and international markets for European works and programmes.

These mechanisms must make it possible to:

- encourage the presence of European professional and audiovisual programmes on both traditional markets and the emerging European and international markets;
- encourage the participation of European professionals and audiovisual programmes in any measure intended to promote the movement, exchange and sale of European programmes inside and outside Europe;
- encourage the programming of European audiovisual works in European and international events and/or festivals;
- encourage the Europe-wide networking of the national bodies for the promotion of exports of audiovisual programmes;
- support the transnational dissemination of European films at festivals organised inside and outside the European Union;
- strengthen networking between festivals by supporting cooperation projects for the promotion of European films.

4.5 The actions implemented in development, distribution and promotion will have to comply with the Treaty provisions concerning competition, namely the provisions regarding State Aid.

5. The instruments used

To implement the measures under the MEDIA Plus programme, and taking account of the provisions of the Treaty, two instruments are proposed - one for training (Article 150 of the Treaty) and the other for development, distribution and promotion (Article 157 of the Treaty).

The aim of these two instruments is to establish a policy which is in sync with the market and strongly oriented towards optimising the advantages which the European audiovisual content industry can derive for technological developments. To this end, the arrangements for the financial support will be regularly assessed and adjusted.

On the basis of these assessments, the Commission may propose measures additional to these two instruments.

EXPLANATORY MEMORANDUM

Training programme for professionals in the audiovisual content industry

1. Introduction

An opportunity for jobs

The proliferation and diversification of the means of production and distribution are leading to rapid growth in the range of services available and, hence, to an increase in the demand for new audiovisual programmes.

However, if this rapid growth is to be translated into jobs, it needs a dynamic environment and skilled labour for whom vocational training plays a decisive role.

An improvement in the training available for European professionals in the audiovisual industry is thus a *sine qua non* for strengthening the competitiveness of this sector, in particular in the field in which the new digital technologies are applied.

Industry-oriented training

Apart from the basic training, the rapid changes in the economic environment and the ongoing changes in the new audiovisual technologies call for continuous training which meets the needs of the market. To achieve this, it is essential for the industry itself to be fully associated from design to development of the training programmes, as well as in implementing them.

Reasons for Community action

It is for the public authorities to encourage and support vocational training with a view to medium- and long-term action. The European Council in Luxembourg (20-21 November 1997) stressed that continuous training can play a major role in the employment policies of the Member States.

The importance of training policy in the European Union is recognised by the Treaty (Article 150).

Initial training in the audiovisual industry is the subject of a number of initiatives in each Member State. Action at Community level, subsidiary to the efforts at national level, is justified because of:

- The need to encourage professionals to broaden their experience at European level. This need is all the greater in an environment in which digital technologies are increasingly eliminating national barriers;
- The need to ensure effective and lasting networking of the training centres and the undertakings interested in this type of training at European level.

2. The current situation

The Member States of the European Union have a large number of training schemes for cinema and the audiovisual industry which cover initial training.

These courses are as follows:

- higher-level vocational training establishments providing technical training (production, film directing, sound recording);
- universities and other institutions of higher education providing general training in the field of communication and the media (essentially theoretical).

In the field of continuous vocational training there are also, particularly since the establishment of the MEDIA programme in 1991, a number of centres for specific training in the content industry. However, there are often few bridges between these different centres which, because of their more direct links with the industry, could benefit from networking between Member States and between fields of training.

Levels of training

Initial: Europe has a large number of schools and centres for training in cinema and television. They provide high-quality initial training which frequently does not include a direct initiation into the economic and commercial aspects of the audiovisual market.

Continuous: Continuous training in the audiovisual sector was largely absent in Europe at the start of the 1990s. The MEDIA programme supported the creation of specific activities closely linked to the industry. Such measures are needed to allow professionals, authors, producers and distributors to improve their professional skills within an expanded market. This is all the more necessary in view of the globalisation of the new means of digital dissemination.

Types of training

There are still some gaps in the existing training which make the following measures necessary:

- strengthening training at European level for producers capable of managing a company in economic, financial and legal terms in a world-wide market;
- developing training in distributing, disseminating, promoting and marketing audiovisual content;
- continuing training in script-writing techniques which allow script-writers and producers to widen their potential audience while maintaining their own cultural identity;
- considerably strengthening vocational training at European level in the use of the new technologies for creation, production and distribution.

3. Main lines for action at European level

3.1 Objectives

European Union action must have the general aim of meeting the industry's needs and promoting its competitiveness by developing continuous training for professionals in the audiovisual industry.

This training must be tackled Europe-wide and concentrate on:

- economic, legal and financial management at European level, with a view to allowing European professionals who are already active on the market to benefit most from the global dimension of the market for audiovisual content and encourage them to develop audiovisual content and projects which meet the needs of the market;
- script-writing techniques (cinema, television and multimedia) targeted at a wider audiences, thus meeting the needs of the international market for audiovisual content;
- the use of the new technologies and their application to the production of audiovisual works intended for the European and international markets.

These three areas of training must also take advantage of the opportunities for distance learning and pedagogic innovation offered by the new on-line technologies.

The measures must aim to ensure that collaboration between the various partners concerned by the training (training establishments and centres, undertakings) is strengthened.

The measures must ensure the participation of partners from the professional sector.

When organising a training project, those benefiting from Community support must ensure that the majority of participants are of a nationality different from that of the country where the training is taking place.

The measures must take account of the structural objectives such as the development of SMEs or the development of potential in restricted geographical and linguistic areas.

The Commission will take steps to ensure that the measures proposed are consistent with other Community measures in the field of training, in particular under the Leonardo programme, and with the objectives of the European Structural Funds.

To a lesser extent, the Union must also give priority to developing a number of initial training activities, provided they are drawn up in close cooperation with the industry, show a real European dimension and added value, and cannot be funded from other existing Community programmes such as the Leonardo programme.

3.2 Priority measures:

Distance learning

Promoting the use of the new technologies in organising and imparting training with a view to catering for distance learning.

Distribution professions

Putting the emphasis on training in the distribution, promotion and marketing of European audiovisual works by taking advantage of the opportunities offered by the development of the new digital technologies.

Multimedia professions

Developing continuous training programmes on the use of digital technologies for the on-line and off-line creation and dissemination of audiovisual content. The professions involved are: script-writers, computer graphics experts, Internet programme developers and webmasters.

Networking of the bodies providing the training

If the measures proposed are to have a structural effect, it will be necessary to ensure cooperation and the transnational transfer of know-how between the different partners.

Promoting the importance of work experience

Organisation of work experience in other Member States in addition to the initial training.

Promoting the training of trainers

Organisation of workshops to train the trainers, so as to ensure the permanent recycling of trainers in the light of developments and the needs of the industry, as well as of the new digital technologies.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**on the implementation of a training programme for professionals in the European
audiovisual programme industry
(MEDIA - Training) (2001-2005)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 150(4) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Acting in accordance with the procedure laid down in Article 251 of the Treaty,

Whereas:

- (1) From 6 to 8 April 1998, the Commission, in collaboration with the United Kingdom presidency, held a European audiovisual conference on "Challenges and opportunities of the digital age", in Birmingham. This consultation process highlighted the need for an improved programme of training in the audiovisual sector which concentrated on all the new aspects of the digital age.
- (2) The Culture/Audiovisual Council of 28 May 1998 took note of the final conclusions of the European audiovisual conference on "Challenges and opportunities of the digital age" and called for new schemes to be developed to encourage a strong and competitive programme industry.
- (3) The Report of the High-Level Group on Audiovisual Policy of 26 October 1998, entitled "The Digital Age: European Audiovisual Policy", concluded that, in this environment, both initial and continuous training in the audiovisual sector should be strengthened.

¹ OJ C

² OJ C

³ OJ C

- (4) In the Communication from the Commission to the European Parliament and the Council of Ministers entitled "Audiovisual policy: next steps", the Commission recognises the considerable impact on employment which the digital age will have in the audiovisual industry⁴.
- (5) The Green Paper on "The Convergence of the Telecommunications, Media and Information Technology Sectors, and the Implications for Regulation" recognises that the emergence of new services will lead to the creation of new jobs. Adapting to the new markets requires staff trained in the use of the new technologies⁵.
- (6) The Commission's public consultation on the Green Paper confirmed the demand for specialised vocational training adapted to the needs of the market⁶.
- (7) In its Conclusions of 27 September 1999 on the results of the public consultation on the Green Paper⁷, the Council called upon the Commission to take account of those results when drawing up proposals for measures to strengthen the European audiovisual sector, including the multimedia sector.
- (8) The extraordinary European Council on Employment held in Luxembourg on 20 and 21 November 1997 recognised that continuous education and vocational training can make a major contribution to the employment policies of the Member States with a view to improving suitability for employment, adaptability and the spirit of enterprise, and promoting equality of opportunities.
- (9) In its report to the European Council on job opportunities in the information society⁸, the Commission noted that the new audiovisual services offered a strong potential for job creation.
- (10) The Commission implemented an "Action programme to promote the development of the European audiovisual industry (MEDIA) (1991-1995)", adopted by Council Decision 90/685/EEC⁹ and comprising, in particular, support for training activities to improve the professional skills of persons working in the audiovisual programme industry.
- (11) The Community strategy for developing and strengthening the European audiovisual industry was confirmed under the MEDIA II programme adopted by Council Decision 95/563/EC¹⁰, and by Council Decision 95/564/EC¹¹. On the basis of the achievements of that programme, its continuation should be ensured in the light of the results obtained.

⁴ COM(1998) 446 final of 14 July 1998.

⁵ COM(1997) 623 final of 3 December 1997.

⁶ SEC(1998) 1284 final of 29 July 1998.

⁷ OJ C 283, 6.10.1999, p. 1.

⁸ COM(1998) 590 final.

⁹ OJ L 380, 31.12.1990, p. 37.

¹⁰ OJ L 321, 30.12.1995, p. 25.

¹¹ OJ L 321, 30.12.1995, p. 33.

- (12) The Commission's report on the results obtained under the MEDIA II (1996-2000) programme, from 1 January 1996 to 30 June 1998, considers that the programme meets the principle of the subsidiarity of Community funds to national funds, since the field of intervention of MEDIA II supplements the traditionally predominant role of the national schemes¹².
- (13) The Commission recognised the positive impact of the MEDIA II programme on employment in the audiovisual industry in its Communication on Community Policies in Support of Employment¹³.
- (14) The emergence of a European audiovisual market calls for professional skills adjusted to the new dimension of the market, particularly in the field of the economic, financial and commercial management of audiovisual projects and in the use of the new technologies in the design, development, production, distribution, marketing and broadcasting of programmes.
- (15) Professionals should be given the professional skills to allow them to benefit fully from the European and international dimension of the market for audiovisual programmes, and they must be encouraged to develop projects which meet the needs of that market.
- (16) Equal opportunities are a basic principle in Community policies which must be taken into account in the implementation of the present programme.
- (17) The initial training for professionals should comprise the essential economic, legal and technological content. The rapid changes in these subjects makes continuous training necessary.
- (18) The networking of vocational training centres should be encouraged in order to facilitate the exchange of know-how.
- (19) Support for vocational training should take account of the structural objectives, such as developing the potential for creation, production, marketing and distribution in countries or regions where the capacity for audiovisual production is low or the linguistic area is limited.
- (20) In accordance with the principles of subsidiarity and proportionality set out in Article 5 of the Treaty, and in view of the fact that the objectives of the proposed measures concerning the implementation of vocational training policy cannot be achieved by the Member States, in particular in view of the transnational partnerships to be established between the training centres, the measures necessary to achieve them must be implemented by the Community because of the transnational dimension of the Community measures. This Decision is confined to the minimum required to achieve these objectives and does not go beyond what is needed to achieve these objectives.
- (21) The measures proposed under this programme are all aimed at achieving transnational cooperation which brings an added value to the measures being undertaken in the Member States, in accordance with the aforementioned principle of subsidiarity.

¹² COM(1999) 91 final, of 16.03.1999

¹³ COM (1999) 167 final.

- (22) The associated countries of Central and Eastern Europe, those EFTA countries which are members of the EEA, Cyprus, Malta and Turkey are recognised as potential participants in Community programmes on the basis of supplementary appropriations and in accordance with the procedures to be agreed with those countries. Those countries of Europe which have signed the transfrontier television Convention of the Council of Europe belong to the European audiovisual area and may therefore, if they wish, and taking into account budgetary considerations or other priorities of their audiovisual industries, participate in the programme or benefit under a limited cooperation scheme, on the basis of the supplementary appropriations, in accordance with the procedures to be established in the agreements between the interested parties.
- (23) The opening-up of the programme to European third countries may be submitted to an examination of the compatibility of their national legislation with the Community *acquis*, and, in particular, the second subparagraph of Article 6(1) of Council Directive 89/552/EEC¹⁴ of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, as amended by European Parliament and Council Directive 97/36/EC¹⁵.
- (24) Cooperation in the field of vocational training on the part of the European bodies and those in the third countries, on the basis of common interests, is likely to create an added value for the European audiovisual industry. Such cooperation will be developed on the basis of supplementary appropriations and in accordance with the procedures to be established in the agreements between the interested parties.
- (25) In order to enhance the added value of the Community action, it is necessary to ensure, at all levels, that the measures undertaken under this Decision are consistent with and complementary to other Community interventions. It is desirable to coordinate the activities laid down by the programme with those undertaken by international organisations such as the Council of Europe.
- (26) This Decision lays down, for the entire duration of the programme, a financial framework constituting the principal point of reference within the meaning of point 1 of the Declaration of the European Parliament, the Council and Commission of 6 March 1995¹⁶, for the budgetary authority during the annual budgetary procedure;
- (27) In accordance with Article 2 of Council Decision 1999/468/EC of 28 June 1999, laying down the procedures for the exercise of implementing powers conferred on the Commission¹⁷, measures for the implementation of this Decision should be adopted by use of the advisory procedure provided for in Article 3 of that Decision.

¹⁴ OJ L 298, 17.10.1989, p. 23.

¹⁵ OJ L 202, 30.7.1997, p. 60.

¹⁶ OJ C 102, 4.4.1996, p. 4.

¹⁷ OJ L 184, 17.7.1999, p. 23.

HAVE DECIDED AS FOLLOWS:

Article 1

A vocational training programme, hereinafter referred to as "the programme", is hereby established for the period from 1 January 2001 to 31 December 2005.

The programme is intended to give professionals in the audiovisual industry the necessary skills to allow them to take full advantage of the European and international dimension of the market and of the use of new technologies.

Article 2

1. The objectives of the programme are as follows:

- (a) To meet the industry's needs and promote competitiveness by improving the continuous vocational training of professionals in the audiovisual industry, with a view to giving them the know-how and skills needed to take account of the European and other markets, in particular in the field of:
 - application of the new technologies, and in particular digital technologies, for the production of audiovisual programmes with a high commercial and artistic added value;
 - economic, financial and commercial management, including the legal framework and the techniques for the financing, production and distribution of audiovisual programmes;
 - script-writing techniques.

Particular attention will be paid to the opportunities for distance learning and pedagogic innovation offered by the development of on-line technologies.

Certain initial training measures in which the industrial sector is directly involved, such as masters' degrees, may also be supported if no other Community support is available and in fields for which there are no support measures at national level.

- (b) To encourage cooperation and the exchange of know-how through networking between the partners involved in the training, such as training establishments, the professional sector and undertakings, as well as through developing training for the trainers.

Particular importance will be attached to encouraging the gradual establishment of networks between the activities and the existing training establishments.

2. To achieve the objectives set out in the first paragraph of point (a) and in point (b) of paragraph 1, particular attention shall be devoted to the specific needs of countries or regions with a low production capacity and/or a restricted geographical and linguistic area, as well as to the development of an independent European production and distribution sector, and in particular small and medium-sized enterprises.
3. The objectives set out in paragraph 1 shall be realised in accordance with the arrangements contained in the Annex.

Article 3

In order to achieve maximum coordination, the Commission will ensure that there is collaboration between the training activities and the development projects supported under the MEDIA Plus programme. In this context, information about the support mechanisms provided by the programme shall be given to the professionals taking part in the continuous training activities.

Article 4

1. The beneficiaries of Community support taking part in implementing the actions set out in the Annex shall provide a substantial proportion of the funding, equivalent to at least 50%, subject to the specific provisions set out in the Annex.
2. The beneficiaries of Community support shall ensure that a majority of the participants in a training measure are of a nationality other than that of the country in which the training takes place.
3. The Commission shall ensure that, as far as possible, at least 10% of the funding available each year is reserved for new activities.
4. Community funding shall be determined according to the costs and nature of each project planned.
5. The financial framework for implementing this programme for the period set out in Article 1 shall be EUR 50 million.
6. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspectives.

Article 5

The Commission shall be responsible for implementing the programme, in accordance with the procedures referred to in Article 6(2) and with the rules contained in the Annex.

Article 6

1. The Commission shall be assisted by an advisory committee ("the MEDIA Committee") composed of representatives of the Member States and chaired by the representative of the Commission.

2. Where reference is made to this paragraph, the advisory procedure laid down in Article 3 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) and Article 8 thereof.

Article 7

1. The programme shall be open to the participation of the associated countries of Central and Eastern Europe, in accordance with the conditions laid down in the association agreements or their additional protocols relating to participation in Community programmes concluded or to be concluded with those countries.
2. The programme shall be open to the participation of Cyprus, Malta, Turkey and those EFTA countries which are members of the EEA Agreement, on the basis of supplementary appropriations, in accordance with the procedures to be agreed with those countries.
3. The programme shall be open to the participation of the countries which are Parties to the Council of Europe Convention on Transfrontier Television, other than those referred to in paragraphs 1 and 2, on the basis of supplementary appropriations, in accordance with the conditions to be established in the agreements between the interested parties.
4. The opening-up of the programme to the European third countries referred to in paragraphs 1, 2 and 3 may be subject to a prior examination as to the compatibility of their national legislation with the Community *acquis*, including the second subparagraph of Article 6(1), of Directive 89/552/EEC.
5. The programme shall also be open to the participation of other third countries on the basis of supplementary appropriations and the specific arrangement to be established in the agreement between the interested parties. The European third countries referred to in paragraph 3 which do not wish to participate fully in the programme may be eligible for cooperation under the conditions set out in this paragraph.

Article 8

1. The Commission shall ensure that measures taken under this Decision are subject to prior appraisal, and to subsequent monitoring and evaluation.
2. The beneficiaries selected shall submit an annual report to the Commission.
3. After completion of the projects, the Commission shall evaluate the manner in which they have been carried out and the impact of their implementation, in order to assess whether the original objectives have been achieved.
4. The Commission shall present to the European Parliament, the Council, the Economic and Social Committee, and the Committee of the Regions an evaluation report on the impact and effectiveness of the programme, on the basis of the results after two years of implementation.

This report shall be accompanied, if need be, by any proposal regarding adjustment, including budgetary adjustments.

5. On completion of the programme, the Commission shall present to the European Parliament, the Council, the Economic and Social Committee, and the Committee of the Regions a report on the implementation and results of the programme.

Article 9

This Decision shall enter into force on 1 January 2001.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX

1. MEASURES TO BE IMPLEMENTED

In support of and in addition to the measures being undertaken by the Member States, the programme aims to permit professionals to adapt to the dimension of the market, and in particular the European market, for audiovisual works, by promoting vocational training in economic, financial and commercial management, including the legal framework, distribution and marketing, as well as in the new technologies (including the conservation and exploitation of the European film and audiovisual heritage) and script-writing techniques.

1.1. Training in the new technologies

This training aims to develop the ability of professionals to use advanced creation techniques, in particular in the fields of animation, computer graphics, multimedia and interactive applications.

The measures proposed are as follows:

- promoting the development and updating of the modules for training in the new audiovisual technologies, in parallel to the measures being taken by the Member States;
- networking the training courses, promoting exchanges of instructors and professionals by awarding grants, organising work experience in undertakings in other Member States and contributing to the training of trainers, particularly through distance learning, by promoting exchanges and partnerships involving the regions with a low production capacity and/or a limited geographical and linguistic area.

1.2. Training in economic, financial and commercial management

This training aims to develop the ability of professionals to appreciate and use the European dimension in the development, production, marketing and distribution/dissemination of audiovisual programmes.

The measures proposed are as follows:

- promoting the development and updating of the modules for training in management, in parallel to the measures being taken by the Member States and emphasising the European dimension;
- networking the training courses, promoting exchanges of instructors and professionals by awarding grants, organising work experience in undertakings in other Member States and contributing to the training of trainers, particularly through distance learning, by promoting exchanges and partnerships involving the regions with a low production capacity and/or a limited geographical and linguistic area.

1.3. Script-writing techniques

This training is intended for experienced script-writers with a view to improving their ability to develop techniques based on both conventional and interactive script-writing methods.

The measures will be as follows:

- promoting the development and updating of the training modules for identifying target audiences; publication and development of scripts for an international audience; relations between the script-writer, the script editor, the producer and the distributor;
- encouraging exchanges and partnerships between countries and regions with a low production capacity and/or a limited linguistic and/or geographical area.

1.4. Networks of training courses

The objective is to encourage existing institutions and/or measures to step up coordination of their activities in order to establish European networks.

1.5. Initial training activities

Support may be provided for activities in some fields of initial training where no Community or national funding is on offer. Such activities may include master's degrees in which there is a link with industry in the form of a partnership and/or work experience.

2. IMPLEMENTATION PROCEDURE

2.1. Approach

In implementing the programme, the Commission will work closely with the Member States. It will also consult the partners concerned. It will ensure that the participation of professionals reflects adequately Europe's cultural diversity.

It will encourage designers of training modules to cooperate with institutions, the professional sector and undertakings in their work.

It will facilitate the presence of trainees, particularly from countries and regions with a low production capacity and/or a restricted linguistic and geographical area.

2.2. Community contribution

Community cofinancing of the total training costs will be provided within a framework of joint funding with public and/or private partners, generally up to a limit of 50%. This share may be raised to 60% for training activities in countries or regions with a low production capacity and/or a restricted linguistic and geographical area.

The procedure set out in Article 6(2) will be applied to determine the allocation of funding for each type of measure eligible under point 1.

In accordance with the rules for Community funding, and in application of the procedure set out in Article 6(2), the Commission will lay down a set of rules for funding in order to determine the ceiling for each continuous training activity and professional trained.

Designers of modules and training centres using them will be selected by calls for proposals.

As far as possible, the Commission will ensure that at least 10% of the funds available each year are allocated to new activities.

Implementation

2.3.1 The Commission shall implement the programme. To this end, it may call upon consultants and technical assistance offices to be selected, after a call for proposals, on the basis of their expertise in the sector. The technical assistance will be financed by the programme's budget. In accordance with the procedure referred to in Article 6(2), the Commission may also conclude partnerships for *ad hoc* operations with specialised bodies such as Audiovisual Eureka, in order to implement joint measures which meet the objectives of the programme in the field of training.

The Commission shall make the final selection of the beneficiaries of the programme and shall decide on the financial support to be granted, in accordance with Article 5.

For the implementation of the programme, and in particular the assessment of the projects receiving funding under the programme, and for the networking measures, the Commission shall ensure that it makes use of the skills of recognised experts in the audiovisual sector in the fields of training, development, production, distribution and promotion.

2.3.2 Through appropriate measures, the Commission shall make known the opportunities offered by the programme and ensure its promotion.

In particular, the Commission and the Member States shall take the necessary measures, by continuing the activities of the network of MEDIA Desks and Antennae, and by ensuring that the skills of the latter are strengthened, in order to:

- ensure that the programme is publicised and promoted;
- encourage the greatest possible participation of professionals in the measures under the programme;
- assist professionals in presenting their projects in response to calls for proposals;
- foster transfrontier cooperation between professionals;
- act as a relay between the various support bodies in the Member States with a view to ensuring that the measures under this programme are complementary to the national support measures.

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Training programme for professionals in the European audiovisual programme industry (MEDIA Plus).

2. BUDGET HEADING(S) INVOLVED

B 3 2010

3. LEGAL BASIS

Article 150 of the Treaty establishing the European Community

4. DESCRIPTION OF OPERATION

4.1 General objective

The development of digital technologies is spawning rapid growth in the range of audiovisual programme on offer. The developments expected in the content industry will generate employment only if the professionals in the sector have qualifications which are in tune with the needs of the market. Similarly, the support mechanisms for the audiovisual industry can be fully effective only if they are underpinned by skills geared to meeting new challenges.

Occupational training nowadays goes beyond the school-education and academic spheres. The relentless pace of change in the economic and technological environment makes it essential to bolster the provision of continuous training throughout professional life.

The objectives set out in Article 150 of the Treaty recognise the importance attaching to the European Union's training policy.

4.2 Period covered by the operation and arrangements for renewal

The MEDIA Plus Training Programme covers the period from 1 January 2001 to 31 January 2005. Its possible renewal will be the subject of a new decision-making process based on the provisions set out in the Treaty.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations

5.3 N/A

6. TYPE OF EXPENDITURE OR REVENUE

- Subsidy for joint financing with other sources in the public and/or private sector.
- No repayment or supplementary revenue is expected.

The Community will make a financial contribution towards training activities of up to 50% (60% for training courses held in countries or regions having a low audiovisual production capacity and/or restricted geographical and linguistic area) of actual project costs, subject to a ceiling of one million euro per training centre per year. Financial contributions will be awarded by means of contracts having a maximum term of three years.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation

The amounts were determined on the basis of two data sources:

- (1) The data available from the implementation of the MEDIA II Programme (databases with figures broken down by sector of activity and by line of action). These figures are derived from actual files submitted by tenderers (representing at least 50% of the professionals in the sector).
- (2) Data contained in the following documents: proceedings of conferences on the audiovisual media (European Audiovisual Conference in Birmingham, Helsinki Forum on Audiovisual Policy), Report of the High-level Group on Audiovisual Policy (Oreja Group), Mid-term Assessment of the MEDIA II Programme (BIPE), Commission documents (Green Paper on Convergence, Communication on the next steps in audiovisual policy), etc. These documents, which incorporate macro-economic analyses, contain figures relating to the sectoral needs of the European audiovisual industry.

In the implementation of the programme over the entire five-year period, the expenditure required in the first and the fourth year will be higher, as it will be for projects running two or three years. The expenditure envisaged for the other three years will be used to finance projects of shorter duration.

The proportion of the budget devoted, respectively, to "management", "new technologies" and "script-writing techniques" will depend in each case on the cost of the operation and the proposals received in response to calls for proposals. The amounts given in this Financial Statement represent the total cost of Community involvement, i.e. at most 60% of the actual cost of operation.

7.2 Itemised breakdown of cost

Commitment appropriations
EUR million (current prices)

Breakdown	2001	2002	2003	2004	2005	Total
<i>Planned number of calls for proposals</i>	1	1	1	1	1	5
Envisaged number of applications for support	90	40	55	65	40	290
Number of requests granted (forecast)	30	12	15	17	12	86
Total	14.3	7.3	9.3	8.8	6.8	46.5

In order to support training schemes running for two or three years, the amounts allocated for the years 2001 and 2004 are higher than those for the other years, during which projects of a shorter duration will be selected.

Actions vis-à-vis the sector

Commitment appropriations
EUR million (current prices)

	2001	2002	2003	2004	2005	Total
– Studies	0.07	0.07	0.07	0.07	0.07	0.35
– Meetings of experts ¹	0.03	0.03	0.03	0.03	0.03	0.15
– Information and publications	0.10	0.10	0.10	0.10	0.10	0.50
Total	0.20	0.20	0.20	0.20	0.20	1.00

¹ Expenses meeting the criteria set out in the Commission Communication dated 22 April 1992 (SEC(1992) 769). The expert meetings will be organised by the Commission to assist it in the selection of projects for each call for proposals.

7.3 Operating costs, technical assistance, included in Part B of the budget

Commitment appropriations
EUR million (current prices)

	2001	2002	2003	2004	2005	Total
– TAO ²	0.50	0.50	0.50	0.50	0.50	2.50
Total	0.50	0.50	0.50	0.50	0.50	2.50

In order to conduct a selection among the proposals and to assist in the follow-up, the Commission envisages calling upon external technical and/or administrative assistance. In the framework of the MEDIA II and MEDIA I programmes, the Commission was assisted by TAOs (Technical Assistance Offices) with expertise in the areas covered by the programme. The type of external technical and/or administrative assistance used for the implementation of the present programme will be determined in accordance with the guidelines established by the Commission. If TAOs were to be used for the establishment of the present programme, the College will be duly informed in accordance with the Vademecum concerning Technical Assistance Offices.

7.4 Indicative schedule of commitment/payment appropriations

Commitment appropriations
EUR million

	2001	2002	2003	2004	2005	Total
Commitment appropriation	15.00	8.00	10.00	9.50	7.50	50.0
Payment appropriations						
2001	7.50	-	-	-	-	7.50
2002	5.50	3.60	-	-	-	9.10
2003	2.00	3.00	4.50	-	-	9.50
2004	-	1.40	3.50	4.20	-	9.10
2005	-	-	2.00	3.50	3.50	9.00
2006	-	-	-	1.80	2.50	4.30
2007	-	-	-	-	1.50	1.50
Total	15.00	8.00	10.00	9.50	7.50	50.0

² The TAO will provide the Commission with technical and administrative assistance for the assessment of the projects presented and the monitoring of the implementation of the selected projects. Calling on the TAO does not imply any delegation of public power from the Commission who maintains the entirety of its decision-making powers.

8. FRAUD PREVENTION MEASURES

Programme beneficiaries are selected by way of a call for proposals procedure published several times a year in the Official Journal of the European Communities. Before approving a request for Community support, the Commission conducts a careful assessment to determine whether it complies with Council Decisions and meets the conditions set out in the call for proposals.

Applications for Community support must include:

- a financial plan setting out in detail all the components in the financing of the projects, including the support applied for from the Commission;
- a provisional timetable of work;
- any other relevant information requested by the Commission in the specifications set out in the call for proposals.

To make its selection from among the proposals, the Commission consults TAOs (Technical Assistance Offices) with expertise in the areas covered by the Programme. Projects judged eligible are first submitted to independent experts and then to the MEDIA committee, which is made up of representatives of the countries participating in the Programme, before the final decision is taken by the European Commission. Above certain thresholds set out in the Decisions setting up the Programme, the projects selected are submitted to the committee for its opinion.

Payment of financial contributions is subject to the prior production of supporting documents for the activity reports, as well as to on-site checking (audit) and central monitoring.

Moreover, various bodies (Court of Auditors, Financial Control and authorising officer) carry out checks on the management of the operations carried out and on the beneficiaries.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific and quantified objectives, target population

The main objective is to upgrade the skills of European professionals in the audiovisual industry through enhanced mastery of management tools, increased focus on global markets and the European dimension in the various professions and, finally, by dint of specific training in the use of new technologies. The expected dividend, therefore, is greater competitiveness on the part of European audiovisual enterprises.

In particular, MEDIA operation are aimed at remedying:

- the lack of commercial and legal training among managerial staff and the lack of market focus which have long characterised part of Europe's industrial fabric;
- the insufficient focus on the European dimension in the development of projects and of enterprises;

- the fragmentation of enterprises which means that adequate budgets cannot be provided for training;
- the inadequate training given in new digital technologies.

Target population:

The beneficiaries of the operations to be undertaken fall into various categories: professionals, trainers and enterprises. The sectors affected by the training operations are management, script-writing and new technologies. The operations conducted should translate, at European market level, into the generation of highly-skilled jobs, the maintenance of a high-performance business fabric at European level, and the incorporation of a European dimension into initial training programmes.

9.2 Grounds for the operation

Need for Community financial aid, particularly in the light of the principle of subsidiarity:

The proposed support programme is in line with the European Union's audiovisual policy.

It operates according to the principle of subsidiarity and is designed to complement national initiatives. It thus underpins and rounds off operations undertaken at national level. It meets the objectives set out in the Treaty, particularly the stipulation in Article 150 that Community action shall aim to :

- facilitate adaptation to industrial change;
- improve initial and continuing vocational training;
- stimulate cooperation on training between educational or training establishments and firms;
- choice of ways and means.

The funds provided by the Community in the form of subsidies of up to 50% of the cost of training courses held (60% for those held in countries or regions having a low audiovisual production capacity and/or a restricted geographical and linguistic area) are intended to give national/regional partners an incentive to supplement existing training.

The Commission report on the results obtained under the MEDIA II Programme over the period 1 January 1996 to 30 June 1998 stresses that the training courses held under the MEDIA Programme "are meeting a real need in the European audiovisual industry in both their content and in their international nature. (...) Finally, they have enabled genuine networks of European professionals to be formed, facilitating joint productions and sales, resulting in some cases in permanent partnerships".

9.3 Monitoring and evaluation of the operation

Performance indicators:

Initial training:

- number of course participants;
- number of non-domestics participating;
- number of training bodies involved in the network (per training project).

Continuous training:

- number of course participants;
- number of non-domestics participating;
- number of projects at the development stage dealt with during training;
- number of projects developed after training (and which were at the development stage during training);
- number of itinerant courses.

The Commission monitors the most pertinent indicators throughout the implementation of the programme. For the contracts established with the Commission, the beneficiaries of financial support will have to provide the relevant information so as to allow the continuous, half term and ex-post evaluation.

Details and frequency of planned evaluation:

The Commission will draw up two Programme evaluation reports.

Mid-term report: The first report will be drawn up two years after the start of the Programme. It will set out to produce an initial assessment of the results obtained by the mid-term stage with a view to making any necessary changes and adjustments for the second part of the Programme. To this end, the Commission may call upon the services of external consultants who will be selected on the basis of their expertise by means of an invitation to tender. The Commission's report will be submitted to the European Parliament, the Council and the Economic and Social Committee.

Final report: The second report will be drawn up at the end of the five years of Programme implementation. It will set out to evaluate the results of the support systems in the light of the objectives of the Programme. As in the case of the mid-term report, the Commission may involve external consultants in this exercise, and the final report will likewise be submitted to the European Parliament, the Council and the Economic and Social Committee.

Moreover, the Commission plans, on the basis of the experience gained under the MEDIA II Programme, to continue the practice of auditing beneficiaries (approximately 30 per year) in order to verify whether Community funds are being put to appropriate use. The results of the audits will be the subject of a written report.

Assessment of the results obtained:

Information enabling the performance, results and impact of the Programme to be measured will be derived from the following sources:

- statistical data compiled on the basis of information from applications and the monitoring of the contracts with the beneficiaries;
- audit reports on a sample of beneficiaries of the Programme (30 per year);
- consultations with MEDIA Desks and Antennae and on national markets;
- consultations with experts and institutions (national and international professional associations);
- consultations with audiovisual professionals and with specialised training bodies.

10. ADMINISTRATIVE EXPENDITURE (SECTION III, PART A OF THE BUDGET)

This section of the financial statement must be sent simultaneously to DGs BUDG and ADMIN; the latter will then forward it to DG BUDG with its opinion.

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking particular account of the number of staff and additional amounts authorised by the budgetary authority.

10.1 Effect on the number of posts

Type of post		Staff to be assigned to managing the operation		Posts supplied		Duration
		Permanent posts	Temporary posts	by using resources existing within the DG or department concerned	by using additional resources	
Officials or temporary staff	A B C	1A; 1B; 1C		1A	1B; 1C	2001-2005
Other resources						
Total		1A; 1B; 1C		1A	1B; 1C	5 years

The administrative resources required may actually be mobilised in the framework of the annual Commission decision on the allocation of resources, taking into account in particular additional resources authorised by the budgetary authority.

Accordingly, DG EAC should take into account the risk that the budget authority, after the Council having adopted the legislative proposal in question, does not grant the Commission the necessary additional human resources. In that case, if no redeployment from other Commission services were possible, DG EAC would have to meet the related needs in term of human resources by internal redeployment exclusively.

10.2 Overall financial impact of additional human resources

Per year in EUR

	Amounts	Method of calculation
Officials	1 620 000	3 persons/year x 108 000 x 5 years = 1.620.000. Titles A1, A2, A4, A5 and A7.
Temporary agents	-	
Other resources (Heading A 0 7002)		
Total	1 620 000	

The amounts express the total cost of the additional posts for the total length of the operation if it is of a specific duration, of for 12 months if it is of unspecified duration.

10.3 Increase in other management expenditures resulting from the action, notably expenditures for meetings and expert panels (EUR)

Budget Line (No and heading)	Amounts	Method of calculation
1-7031 Obligatory Committees	407 000	MEDIA Committee: 30 national experts (2 experts per delegation EUR 650 per expert) + 2 experts for Iceland (EUR 900 per expert – calculation based on 1998 Commission missions) + 2 experts for Norway (EUR 650 per expert – calculation based on 1998 Commission missions). Total per Committee meeting: EUR 22 600. The Committee meets once a month x 5 years = 1 356 000. Percentage of contribution for the MEDIA Training decision to the functioning of the MEDIA Committee: 30%.
Total	407 000	

The expenses relating to heading A-7 appearing in point 10 will be covered by the overall credits for DG EAC.

EXPLANATORY MEMORANDUM

Programme to encourage the development, distribution and promotion of European audiovisual works

1. Introduction

The development of methods of dissemination, particularly those involving digital technologies, presents a new challenge to the European sector engaged in the production and distribution of audiovisual programmes, in that it is gradually changing the economics of the sector. Thus, the share of revenue generated by pay and pay-per-view television services rose by more than 200% between 1988 and 1998, although the proportion stemming from "traditional" methods of dissemination (cinema, video, television) still represents 87% of overall income in by the audiovisual sector.

It has to be borne in mind, however, that digital TV channels have not yet replaced other audiovisual dissemination methods to any significant extent. Indeed, quite the reverse has been true in the cinema and video sectors (particularly on the sales side). Cinema attendance increased by almost 38% between 1988 and 1998, with almost 7% of that rise occurring between 1997 and 1998. At the same time, the video market has grown by 34% since 1992, with a rise of 10% between 1997 and 1998.

The proliferation and diversity of dissemination methods has led to a significant rise in demand for audiovisual programmes, thus enhancing the commercial potential of each individual production. However, audience fragmentation reduces the relative financing capability of each channel. Moreover, against a backdrop of heightened competition to capture the attention and purchasing power of viewers/consumers, new channels are focusing their resources in particular on acquiring products which are attractive but have a short exploitation time, e.g. sports events, games or entertainment programmes, making it more difficult to put together the finance required for creative works such as films and dramas, documentaries and animated works. Such productions are of strategic importance, however, as they lend themselves in particular to multiple dissemination over a long period. It is on the basis of such "staple" productions that long-term marketing and exploitation can develop.

The audiovisual sector is in the process of developing from a short-term economy focused on national markets into a medium- to long-term economy geared to the international marketplace.

The European programme industry must be able to seize the opportunities opened up by the development of digital channels and methods of exploitation by taking due account, in all its strategic considerations, of the international dimension to the market. There is a serious risk that the domination of the European market by imported programmes, particularly American ones, will extend and increase with the new dissemination methods.

In this context, it is essential that operators be enabled to adopt an international development strategy throughout the production and distribution chain. In accordance with the principle of subsidiarity, the Community takes action only if and in so far as the objectives of the proposed action cannot be adequately achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action, be achieved at Community level. Given the results of the consultations conducted since 1997, and in particular the conclusions of the Birmingham Conference, the selected course of Community action (development, distribution

and promotion) is to support and supplement the action of the Member States, whose own support to the industry is focused on the production side.

2. The situation

2.1 Lack of investment in development

The development of an audiovisual work represents a key phase and is the determining factor for the decision as to whether the work should be produced or not. The development process comprises three essential elements: conception of the work (particularly the writing of the script), the search for (industrial, technical, artistic and financial) partners, and the establishment of the marketing plan. The development phase consists of specifying the details of project so as to facilitate evaluation of:

- production feasibility;
- the commercial potential of the product;
- the cost and return on investment.

Too many projects in Europe enter production at the end of an inadequate development phase. Put another way, they enter production without have benefited from sufficient investment at the development stage, and this hampers their marketability and economic viability. Average investment by the European audiovisual industry in project development is less than 5% of that in production, compared with 10% for the United States.

This under-investment upstream translates at the production stage into a work that is less attractive for potential distributors and broadcasters, which in turn means a lack of investment in promotion and distribution, resulting in lower profitability. This vicious circle, exacerbated by the under-capitalisation of companies, perpetuates the weakness of the industry's development strategy.

It is becoming essential for producers to take into account right from the development stage a clear strategy for marketing and distributing the finished product in as many countries and using as many media as possible. Moreover, this strategy must intermesh with a major distribution and promotion effort geared to achieving optimum exploitation of the work and achieving high revenue.

2.2 Obstacles to the transnational distribution of works

Most European markets are currently characterised by a double "bi-polarisation":

- Television programming mainly comprises programmes of national or American origin; generally speaking, works of national origin predominate. On the drama side, American productions account for 74% of programme imports in volume terms, compared with 14% originating from other European countries.
- The cinema is dominated to varying degrees (from 60 to 95%) by works of American origin, with the remaining market shares being taken mainly by nationally produced films. Of the 550 cinema films produced annually in Europe, barely 20% are distributed outside their principal country of production; this represents barely 7% of the market.

The consultations conducted since 1997 in the context of the EU audiovisual policy review exercise have underlined, across the board, that Europe's biggest weakness lies in the low circulation of non-domestic films and audiovisual programmes, which erodes the profitability of these works and hinders the generation of revenue that could be ploughed back into the production of new works.

Various underlying factors can be cited to explain this situation. First of all, the European marketplace has traditionally been split up into national/language markets. National and European works are distributed by a large number of companies operating in one and the same country, which often sustains only a small market. Moreover, these companies are under-capitalised, and are hard-pressed to keep pace with the constantly rising financial investment that is needed to promote and publicise the works which they distribute. Finally, few of them have the resources to engage in investment upstream of distribution in the form of pre-purchases of distribution/dissemination rights and thus take an active part in financing productions with high commercial potential.

Cooperation agreements and co-ordinated distribution strategies at European level are still a rarity. They are nevertheless essential in the face of competition from far better structured major companies and the growing internationalisation of transnational dissemination methods, such as DVD video and international television channels. This necessary adaptation must, however, take account of the fundamental role played by audiovisual content in cultural and social terms. This contents must be accessible to all citizens, while respecting the cultural and linguistic diversity with which Europe is so richly endowed.

2.3 Absence of a European image

The fragmentation of the production and distribution sector into a large number of often under-capitalised small companies operating chiefly at national level also makes it difficult for these companies to gain access to international trade events in the sector (in Europe and beyond), given the high cost of participating. There are professional initiatives and associations in the Member States which put together logistical support packages for such events, as well as providing assistance in promoting national works. The visibility and impact of such activities, however, should be underpinned by better cooperation designed to exploit European productions overall.

3. Guidelines for European action

3.1 General principles

The experience gained under the MEDIA I and MEDIA II programmes and the assessments of the results obtained have made it possible to establish general principles intended to provide guidance in the implementation of financial support mechanisms at European level:

- strengthening of support mechanisms geared more towards structural funding, depending on operators' commitments to medium-term objectives;
- setting-up of new, complementary mechanisms promoting the development of projects using digital technologies at the production or dissemination stage;
- integrated approach making due allowance, by means of "positive discrimination" mechanisms, for the structural handicaps experienced by countries having a low audiovisual production capacity and/or restricted geographical and linguistic area.

The procedures for granting support are geared mainly towards mechanisms for direct intervention in the market and mechanisms for support in step with market developments.

1. Project support is granted mainly on the basis of financial incentive mechanisms encouraging the financial co-responsibility of the professional sector (conditionally repayable loans);
2. Stepped-up support for companies aimed at bolstering their medium- to long-term strategy: support granted automatically or on the basis of companies' performance in the marketplace, and support to companies submitting packages of projects (slate-funding).

3.2 Development sector

Given the specific features and requirements of the market, there is a need to stimulate greater investment by the industry in the development phase of audiovisual works, with the emphasis on projects which are targeted at the European and international markets and offer the best prospects for commercial success.

Similarly, the most dynamic production companies need incentives to implement medium-term strategies for the development of their productions.

Particular attention should be paid to production projects using new creative technologies, and also to the inclusion right from the development stage of all the dissemination methods which could be used for commercial exploitation of the work.

The mechanisms put in place will have to accommodate all types of audiovisual works: drama productions, films, documentaries, animation, interactive products (on-line, off-line, hybrids).

Priority operations:

Two types of operation are planned:

- co-financing of the development of individual projects (script-writing, search for financial and artistic partners, assessment and marketing studies) put forward by European producers;
- co-financing of the medium-term strategies pursued by high-performance companies for the development of "project packages" (slate-funding)

3.3 Distribution sector

Over the medium to long term, the development of new dissemination methods based on digital technologies is destined to change the distribution structures for audiovisual productions, in particular by reducing the bottlenecks caused by the cost of the requisite investment for the physical distribution of products (printing, storage and transport of copies of cinema films or video cassettes, for example). This may enhance the scope for a wider range of works to gain access to the market.

Set against a backdrop of heightened competition to capture the viewer's/consumer's attention, however, the requisite investment will focus increasingly on advertising and marketing.

Optimum commercial exploitation of productions on all media requires major investment at the beginning of the exploitation phase in order to maintain public interest over the entire exploitation cycle. In particular, ever greater efforts are necessary when cinematographic films are released for screening, since the profile and success of a film in the cinema determines the revenue generated by exploitation of the film on other media (video, DVD, sales to television).

The lengthening of exploitation cycles, the fragmentation of revenues over a growing number of dissemination methods and the need for considerable investment in promotion and advertising call for the development of a distribution sector which is capable of:

- making the investment needed to promote and ensure the market success of European works on various media;
- compiling competitive catalogues of European works for exploitation on the international market;
- contributing towards the financing of new works.

Against this background, it is appropriate to encourage investment in distribution and promotion on various types of media, from cinema screening to on-line distribution, and to encourage the development of cooperative ventures and the structuring of distribution at European level.

The economic structures of distribution companies need to be strengthened, with priority being given to those companies which have the potential for development on the European and international markets and put forward long-term strategies.

Priority operations:

(a) Film distribution:

Selective support: a system of support in the form of conditionally repayable loans for film distributors who distribute European cinema works outside their country of production.

This system makes it possible to:

- network European distributors, in cooperation with international producers and distributors, so as to promote common strategies on the European market;
- encourage distributors to invest adequate amounts in the promotion and distribution of European films, whatever their production budget;
- support multilingualism in European works (dubbing, subtitling and multilingual production).

Support for the production of international sound tracks (music and effects) for European films: appropriate support for the production of international sound tracks (music and effects) for European films with strong dissemination potential, aimed at facilitating exploitation of the work in numerous countries and the production of high-quality versions in various languages.

Automatic support: a system of automatic support for European distributors proportionate to cinema attendance for non-domestic European films shown in the countries participating in the Programme, up to an upper limit per film and graded according to country (corrective mechanism for smaller countries).

Distributors can use this support solely for the purpose of investing in:

- the acquisition of non-domestic European films;
- editing-related work (copying, dubbing and subtitling), promotion and advertising for non-domestic European films.

Support for sales agents: a system of support for European companies engaged in the international distribution of cinema films (sales agents), the level of support being determined according to their market performance over a given period. Distributors may use this support solely for the purpose of investing in promotion, or for investing, including at the production stage, in new European works for the European and international market.

Support for cinemas: an appropriate level of support designed to encourage exhibitors to include in their screening schedules a significant showing of non-domestic European films in commercial first-appearance cinemas for a minimum period of screening. The support granted to each cinema may be determined, in particular, by the attendances achieved by the cinemas for non-domestic European films over a fixed reference period. Support may also be granted to encourage the creation and consolidation of European operator networks to devise joint measures in favour of such scheduling. Finally, particular attention will be paid to cinemas which engage in awareness-raising and educational activities aimed at young audiences.

(b) Off-line distribution:

This term designates the distribution of European works on media intended for private use.

Automatic support: a system of automatic support for European publishers and distributors according to their market performance over a given period. Distributors can use this support solely for the purpose of investing in:

- the publication, distribution and promotion of non-domestic European works using new technologies (such as DVD), particularly at European level;
- the advertising and promotion of new non-domestic European works published by them;

(c) Television broadcasting:

Here, the aim is to encourage independent producers to produce works (dramas, documentaries and animation productions) involving at least three broadcasters from several Member States belonging to different language areas. The criteria applied in selecting the beneficiaries may include provisions to distinguish between projects according to budget category. Particular attention will be paid to audiovisual works which are likely to raise the profile of European heritage and cultural diversity.

(d) On-line distribution:

This term designates the distribution of European works on-line using advanced distribution services and new media (Internet, video-on-demand, pay-per-view). The aim is to facilitate consumer access to Europe's audiovisual heritage by means of new technologies and advanced distribution services.

Support for catalogues: by providing incentives for the marketing of rights to works and for the dubbing/sub-titling of productions, this support is designed to encourage European publishing and distribution companies to create and exploit catalogues of European works in digital format for commercial exploitation using new methods of dissemination.

3.4 Promotion and market access sector

The specific objectives of promotional aid generally intermesh with those of aid for distribution. However, there is a need for mechanisms which supplement those in place on the distribution side by granting subsidies to intermediate service providers (organisers of markets, festivals, etc.) so as to enable them to improve access for European works and programmes to the European and international markets.

The mechanisms must be geared to encouraging:

- the presence of European audiovisual professionals and programmes on the traditional markets, as well as on emerging European and international markets;
- the participation of European audiovisual professionals and programmes in all activities aimed at promoting the movement, exchange and sale of European programmes inside and outside Europe;
- the inclusion of European audiovisual works in European and international events and/or festivals;
- the networking of professionals and national associations at European level in order to optimise resources.

In parallel with promotion and market access measures, a specific measure is planned in favour of film festivals. Where they are open to the general public, these events give European films a "showcase" to attract cinema-goers, as well as providing a forum at which to promote productions vis-à-vis potential distributors in the country concerned. European support must also be aimed at networking, exchanging information and experience, and implementing measures common to these festivals.

Priority actions:

1. Improving the conditions for access by professionals to European and international markets by means of specific technical and financial assistance measures in the context of events such as:
 - the main European and international markets for films and audiovisual programmes;
 - the thematic markets, especially those for animated films, documentary films, multimedia the new technologies.

2. Promoting the use of databases and any other tools suitable for exchanging information and experience relating to the exploitation of catalogues of European programmes.
3. In the field of festivals:
 - supporting audiovisual festivals which are carried out in partnership and feature a significant proportion of European works;
 - encouraging projects for cooperation with a European dimension between audiovisual events involving at least eight Member States with a joint plan of action to promote European audiovisual works and their movement;
 - promoting the setting-up by professionals, in close cooperation with Member States, of a major event to spotlight European cinematographic and audiovisual creativity.

3.5 Pilot projects

Current and expected developments in the field of the digital technologies mean that a flexible policy needs to be drawn up which is in step with a changing marketplace and takes due account of the growing content requirements of television channels broadcast as part of digital bouquets.

In order to ensure that the needs of industry dovetail with technological developments and programme mechanisms, pilot projects will be organised throughout the programme so as to promote conditions in which companies in the audiovisual content sector can seize the best opportunities offered by new production and dissemination services.

Priority actions

- Pilot projects, aimed in particular at exploiting the cinematographic heritage, digitising European audiovisual programme archives, and networking holders of rights to catalogues of European audiovisual works.
- Pilot project aimed at promoting the dissemination of European works by thematic digital audiovisual channels and services. In the first year of the programme, this project will be the subject of a feasibility study to determine possible arrangements for this support mechanism, with a view to establishing the conditions for its operational application starting from the second year of the programme.

Proposal for a

COUNCIL DECISION

on the implementation of a programme to encourage the development, distribution and promotion of European audiovisual works (MEDIA Plus - Development, Distribution and Promotion) (2001-2005)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 157(3) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the Economic and Social Committee³,

Whereas:

- (1) From 6 to 8 April 1998, the Commission, in collaboration with the United Kingdom presidency, held a European audiovisual conference on "Challenges and opportunities of the digital age", in Birmingham. This consultation process revealed the need for an enhanced programme of support for the European audiovisual industry, in particular in the area of the development, distribution and promotion of European audiovisual works. In the digital age, activities in the audiovisual field contribute towards the creation of new jobs, particularly in the production and dissemination of audiovisual content;
- (2) The Culture/Audiovisual Council of 28 May 1998, in approving the outcome of the European Audiovisual Conference in Birmingham, highlighted the desirability of encouraging the development a strong and competitive European audiovisual programme industry, taking particular account of Europe's cultural diversity and the specific conditions obtaining in restricted linguistic areas.
- (3) The Report of the High-Level Group on Audiovisual Policy of 26 October 1998, entitled "The Digital Age: European Audiovisual Policy", recognises the need to strengthen support measures for the cinematographic and audiovisual industry, in particular by endowing the MEDIA programme with resources that are commensurate with the size and strategic importance of the industry.

¹ OJ C

² OJ C

³ OJ C

- (4) The Communication from the Commission to the European Parliament and the Council of Ministers entitled "Audiovisual Policy: Next Steps"⁴ recognises the need for increased public support, particularly at Community level, for strengthening the competitiveness of the European audiovisual industry.
- (5) The Green Paper on the "Convergence of the telecommunications, Media and Information Technology Sectors, and the Implications for Regulation"⁵ underlines the risk of a shortage of good quality content on the digital and analogue television market.
- (6) The public consultation on the Green Paper, conducted by the Commission⁶, highlighted the need to establish a framework to underpin the distribution and promotion of European audiovisual content for the traditional and new media in a digital environment.
- (7) In its Conclusions of 27 September 1999 regarding the results of the public consultation on the Convergence Green Paper⁷, the Council invited the Commission to take account of the outcome of the consultation when drawing up proposals for measures to strengthen the European audiovisual industry, including the multimedia sector.
- (8) The Commission implemented an "Action programme to promote the development of the European audiovisual industry (MEDIA) (1991-1995)", adopted by Council Decision 90/685/EEC⁸, including in particular measures designed to support the development and distribution of European audiovisual works.
- (9) The Community strategy for developing and strengthening the European audiovisual industry was confirmed in the framework of the MEDIA II Programme (1996-2000), adopted by Council Decision 95/563/EC⁹, and by Council Decision 95/564/EC¹⁰. It is appropriate, on the basis of the experience acquired from the Programme, to ensure its extension, taking into account the results obtained.
- (10) The Commission report on the results obtained under the MEDIA II programme (1996-2000) from 1 January 1996 to 30 June 1998 states that the Programme responds to the necessary subsidiarity of Community funds compared with national funds, since MEDIA areas of involvement complement the traditional emphasis of the national mechanisms¹¹.
- (11) It is necessary to take into account the cultural aspects of the audiovisual sector, in accordance with Article 151 of the Treaty.

⁴ COM(1998) 446 final, 14.07.1998.

⁵ COM(97) 623 final, 3.12.1997

⁶ SEC(1998) 1284 final, 29.7.1998.

⁷ OJ C 283, 6.10.1999, p. 1.

⁸ OJ L 380, 31.12.1990, p. 37.

⁹ OJ L 321, 30.12.1995, p. 25.

¹⁰ OJ L 321, 30.12.1995, p. 33.

¹¹ COM(1999) 91 final, 16.03.1999

- (12) The advent of a European audiovisual market necessitates the development and production of European works, namely works originating from Member States as well as works originating from European third countries participating in the MEDIA Plus programme or having a cooperation framework satisfying the conditions set out in Article 6 of Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities¹², as amended by European Parliament and Council Directive 97/36/EC¹³.
- (13) The competitiveness of the audiovisual programme industry depends on the use of new technologies at the programme development, production and distribution stages. It is therefore appropriate to ensure suitable and effective coordination with the measures undertaken in the field of new technologies, in particular the Fifth Framework Programme of the European Community for research, technological development and demonstration activities (1998-2002), as adopted by Decision No 182/1999/EC of the European Parliament and of the Council¹⁴.
- (14) In its Report to the European Council, entitled Job opportunities in the information society¹⁵, the Commission referred to the major job-creation potential provided by the new audiovisual services.
- (15) In its Communication on Community policies in support of employment¹⁶, the Commission recognised the MEDIA II Programme's positive impact on employment in the audiovisual sector.
- (16) There is a need to improve the conditions for distributing European cinematographic works on the European and international markets. Cooperation between international and national distributors, cinema owners and producers should be encouraged and support should be given to concerted action to promote common scheduling measures at European level.
- (17) There is a need for improvement in the television broadcasting prospects of European works on the European and international markets. Cooperation between broadcasters, (as defined in Article 2 of Directive 89/552/EEC, international distributors and producers should be encouraged.
- (18) There is a need to facilitate market access for independent European production and distribution companies, and to promote both European works and European companies in the audiovisual sector.
- (19) Public access to the European audiovisual heritage should be improved, in particular through its digitisation and networking at European level.

¹² OJ L 298, 17.10.1989, p. 23.

¹³ OJ L 202, 30.07.1997 p. 60.

¹⁴ OJ L 26, 1.2.1999, p. 1.

¹⁵ COM(1998) 590 final.

¹⁶ COM (1999) 167 final.

- (20) The associated countries of Central and Eastern Europe, as well as Cyprus, Malta, Turkey and those EFTA countries which are parties to the EEA Agreement are recognised as potential participants in Community programmes on the basis of supplementary appropriations and in accordance with the procedures to be agreed with those countries.
- (21) The other countries of Europe which are parties to the European Convention on Transfrontier Television are an integral part of the European audiovisual area and should therefore be enabled to participate in this Programme on the basis of supplementary appropriations, in accordance with the procedures to be established in the agreement between the interested parties. Those countries should be able, if they wish, and regard being had to budgetary considerations or the priorities of their audiovisual industries, to participate in the programme and to benefit under a more limited cooperation formula, on the basis of supplementary appropriations and specific arrangements to be agreed between the interested parties.
- (22) Cooperation with non-European third countries, developed on the basis of mutual and balanced interests, may enable the European audiovisual industry to derive an added value in terms of the promotion, market access, distribution, dissemination and exploitation of European works in those countries. Such cooperation should be developed on the basis of supplementary appropriations and specific arrangements to be established in the agreement between the interested parties.
- (23) A financial reference amount, within the meaning of point 2 of the Declaration by the European Parliament, the Council and the Commission of 6 March 1995¹⁷, is included in this Decision for the entire duration of the programme, without prejudice to the powers of the budgetary authority as defined by the Treaty,
- (24) In accordance with Article 2 of Council Decision 1999/468/EC of 28 June 1999, laying down the procedures for the exercise of implementing powers conferred on the Commission¹⁸, measures for the implementation of this Decision should be adopted by use of the advisory procedure provided for in Article 3 of that Decision.

HAS DECIDED AS FOLLOWS:

Article 1

1. A programme (hereinafter referred to as "the Programme"), is hereby established to encourage the development, distribution and promotion of European audiovisual works within and outside the Community, to run from 1 January 2001 to 31 December 2005, for the purpose of strengthening the European audiovisual industry.

¹⁷ OJ C 102, 4.4.1996, p. 4.

¹⁸ OJ L 184, 17.7.1999, p. 23

2. The objectives of the Programme are as follows:

- (a) an improvement in the competitiveness of the European audiovisual industry on the European and international markets, by supporting the development, distribution and promotion of European audiovisual works, taking due account of the development of new technologies;
- (b) respect for European linguistic and cultural diversity;
- (c) exploitation of the European audiovisual heritage, and in particular its digitisation and networking;
- (d) the development of the audiovisual sector in countries or regions with a low capacity for audiovisual production and/or a restricted geographical and linguistic area;
- (e) building up a production and distribution sector, especially comprising small and medium-sized enterprises.

Those objectives shall be realised in accordance with the detailed arrangements set out in the Annex.

Article 2

In the development sector, the specific objectives of the Programme are as follows:

- (a) to promote, by providing financial support, the development of production projects (dramas for cinema or television, creative documentaries, animated films for television or cinema, works exploiting the audiovisual and cinematographic heritage) submitted by companies and aimed at the European and international markets;
- (b) to promote, by providing financial support, the development of production projects that make use of new creation, production and dissemination technologies.

Article 3

In the distribution sector, the specific objectives of the Programme are as follows:

- (a) to strengthen the European distribution sector in the field of cinema by encouraging distributors to invest in the acquisition and promotion of non-domestic European cinema films;
- (b) to foster the wider transnational dissemination of non-domestic European films on the European and international markets through measures to stimulate their distribution and their screening in cinemas;
- (c) to strengthen the distribution sector for European works on media intended for private use, by encouraging distributors to invest in digital technology and in the promotion of non-domestic European works;

- (d) to promote the movement, in the Community and outside it, of European television programmes intended for a European and world audience, by encouraging independent European broadcasters and independent distributors and producers to cooperate right from the production stage;
- (e) to encourage the creation of catalogues of Europe works in digital format intended for exploitation on new media;
- (f) to support the linguistic diversity of European audiovisual and cinematographic works.

Article 4

In the field of promotion and market access, the Programme aims to:

- (a) facilitate and encourage the promotion and movement of European audiovisual and cinematographic works at trade fairs in Europe and around the globe, as well as at European audiovisual festivals;
- (b) encourage the networking of operators at European level, particularly by supporting joint activities between national promotion organisations.

Article 5

1. Beneficiaries of Community support shall provide a significant proportion of the funding. Community funding shall not exceed 50% of the cost of operations. In the cases expressly provided for in the Annex, this percentage may nonetheless reach 60% of the cost of operations.
2. The financial reference amount for implementation of the Programme for the period referred to in Article 1(1) shall be EUR 350 million. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspectives.
3. Without prejudice to the agreements and conventions to which the Community is a contracting party, the undertakings benefiting from the programme shall be owned and shall continue to be owned, whether directly or by majority participation, by Member States and/or by nationals of Member States.

Article 6

Financial support under the Programme may be granted in the form of conditionally repayable advances or subsidies, as defined in the Annex. The repayments under the Programme, together with the repayments from operations under the MEDIA programme (1991-95) and MEDIA II programme (1996-2000), shall be allocated to the requirements of the MEDIA Plus Programme.

Article 7

The Commission shall be responsible for the implementation of the Programme, in accordance with the procedure referred to in Article 8(2) and with the rules laid down in the Annex.

Article 8

1. The Commission shall be assisted by the committee (the "MEDIA Committee") established by Article 6 of Decision xx/xxx/EC¹⁹ of the European Parliament and of the Council.
2. Where reference is made to this paragraph, the advisory procedure laid down in Article 3 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) thereof.

Article 9

To ensure that the Programme can be flexibly adapted to technological developments, pilot projects shall be implemented in the fields defined in the Annex.

In this task the Commission may consult Technical Consultation Groups. These shall be composed of professionals from the various sectors of the audiovisual industry, appointed by the Member States and chaired by a representative of the Commission. The Technical Consultation Groups shall submit their reports to the Commission, which shall take the utmost account of them.

Article 10

1. The Programme shall be open to the participation of the associated countries of Eastern and Central Europe in accordance with the conditions laid down in the association agreements or their additional protocols relating to participation in Community programmes concluded or to be concluded with those countries.
2. This Programme shall be open to the participation of Cyprus, Malta, Turkey and those EFTA countries which are parties to the EEA Agreement on the basis of supplementary appropriations, in accordance with the procedures to be agreed with those countries.
3. This Programme shall be open to the participation of the countries which are parties to the Council of Europe Convention on Transfrontier Television other than those referred to in paragraphs 1 and 2, on the basis of supplementary appropriations, in accordance with conditions to be established in the agreements between the interested parties.

¹⁹ See page ... of this Official Journal.

4. The opening-up of the programme to the European third countries referred to in paragraphs 1, 2 and 3 may be subject to a prior examination as to the compatibility of their national legislation with the Community *acquis*, including the second subparagraph of Article 6(1) of Directive 89/552/EEC.
5. The Programme shall also be open to cooperation with other third countries on the basis of supplementary appropriations and the specific arrangements to be established in agreements between the interested parties. The European third countries referred to in paragraph 3 which do not wish to benefit from full participation in the Programme may be eligible for cooperation with the Programme under the conditions set out in this paragraph.

Article 11

1. The Commission shall ensure that measures taken under this Decision are subject to prior appraisal, and to subsequent monitoring and evaluation.
2. After completion of the projects, the Commission shall evaluate the manner in which they have been carried out and the impact of their implementation, in order to assess whether the original objectives have been achieved.
3. After two years of implementation of the Programme, the Commission shall present to the European Parliament, the Council and the Economic and Social Committee an evaluation report on the impact and effectiveness of the Programme based on the results obtained. This report shall be accompanied, if need be, by any adjustment to the Programme, including budgetary adjustments.
4. On completion of the Programme the Commission shall submit to the European Parliament, the Council and the Economic and Social Committee a report on the implementation and results of the Programme.

Article 12

This Decision shall take effect on 1 January 2001.

Done at Brussels,

For the Council
The President

ANNEX

1. MEASURES TO BE IMPLEMENTED

1.1 In the "development of audiovisual works" sector

The object of the programme measures is to provide financial assistance for enterprises in the audiovisual sector submitting:

- proposals supporting the development of audiovisual works presented project by project;
- proposals supporting the development of project catalogues (project packages) as part of a medium-term business strategy.

Selection criteria will chiefly take account of the European and international nature of the projects, and in particular:

- the interest shown by co-producers in the project;
- the project's transnational exploitation potential (as demonstrated by the expression of interest by distributors, the project's production potential, previous productions by the tendering enterprise or its constituent individuals) ;
- the quality and originality of the concept, script or narrative;
- the potential for using new technologies (special effects, computer images, interactivity, etc.).

As a general rule, financial support for development will take the form of conditionally reimbursable loans for individual projects, and non-reimbursable subsidies for project catalogues. The contribution will generally be limited to 50% of project costs, but may be raised to 60% for projects that exploit European cultural diversity.

1.2 In the distribution and dissemination sector

1.2.1 Cinema distribution:

The following lines of action will be implemented in order to achieve the objectives outlined in Article 3:

- (a) a support scheme in the form of a conditionally reimbursable advance for distributors of European cinematographic works outside their production territory. The aim of this scheme is:
- to encourage the networking of European distributors in conjunction with international producers and distributors, in order to promote joint strategies for the European market,
 - to encourage distributors in particular to invest in adequate promotion and distribution costs for European films, whatever their production budget,
 - to assist with the multilingual aspects of European film-making (dubbing, subtitling and multilingual production).

The criteria for selecting beneficiaries may include provisions to distinguish between projects according to their budget category. Special support will be granted for films that exploit European cultural diversity.

- (b) a system of “automatic” support for European distributors proportional to the number of seats sold for non-domestic European films in countries participating in the programme, up to a limit per film and adjusted for each country. This type of support may be used by distributors only for investment in the following:
- the acquisition of non-domestic European films;
 - editing costs (copying, dubbing and subtitling), promotion costs and publicity costs for non-domestic European films.

Reinvestment arrangements will provide for a Community contribution of over 50% (but not more than 60 %) of project costs, particularly for investment in the production stage and in films exploiting European cultural diversity.

- (c) a system to assist European companies specialising in the international distribution of cinema films (sales agents) according to their performance on the market over a given period. This type of assistance may be used by international distributors only for investment in costs arising from the promotion of new European works on the European and international markets.
- (d) appropriate assistance to encourage operators to screen a significant proportion of non-domestic European films in premiere cinemas for a minimum screening period. The support granted to each cinema will be determined according to the number of cinema seats sold for non-domestic European films during a reference period. Support should, in particular, contribute to measures to educate and raise awareness amongst young cinema-goers. Support will also be granted for the creation and consolidation of networks of European operators running joint schemes to encourage such scheduling.
- (e) a support scheme for the production of international soundtracks (music and effects) for European cinematographic works. The support granted will be determined according to the production budget.

1.2.2 Distribution of off-line European works.

This is understood to mean the distribution of European works on media intended for private use.

Automatic support: a system of automatic support for editors and distributors of European cinematographic works on media intended for private use (e.g. videocassettes, DVD, DVD-Rom) according to market performance over a given period. The support granted may be used by distributors only for investment in the following:

- the costs of editing and distributing new non-domestic European works in digital form; or
- the costs of promoting new non-domestic European works in non-digital format.

This system is designed to:

- encourage the use of new technologies in the production of European works intended for private use (production of a digital master for use by all European distributors);
- encourage distributors in particular to make adequate investment in the costs of promoting and distributing non-domestic European films and audiovisual works;
- assist with multilingual European productions (dubbing, subtitling and multilingual production).

1.2.3 Television broadcasting:

Encourage independent producers to produce works (feature films, documentaries and animated films) involving at least three broadcasters in several Member States belonging to different language zones.

The criteria for selecting beneficiaries may include provisions that distinguish between projects by budget category. Special support will be granted for audiovisual works that exploit European heritage and cultural diversity.

1.2.4 Distribution of European works on-line:

This is taken to mean the distribution of European works on-line via advanced distribution services and new media (Internet, video-on-demand, pay-per-view). The aim is to encourage the European audiovisual industry to adapt to developments in digital technology, particularly as regards advanced on-line distribution services.

Introduction of incentives to digitise works and create promotional and publicity material in digital form, so encouraging European companies (suppliers of on-line access, special-interest channels, etc.) to create catalogues of European works in digital format for exploitation via new media.

1.3 Promotion

1.3.1 In the field of promotion and market access:

The programme measures aim to:

- (a) improve the conditions governing access by professionals to the European and international markets via specific technical and financial support schemes as part of events such as:
 - the main European and international cinema markets;
 - the main European and international television markets;
 - special-interest markets, particularly for animated films, documentaries, multimedia and new technologies.
- (b) encourage the creation of a database on catalogues of European programmes.

To this end, the Commission is encouraging the networking of operators at European level, essentially by supporting joint initiatives involving national promotional bodies.

Criteria for selecting projects will principally take account of the following:

- the European dimension,
- the quality of professional services (producers, distributors, broadcasters, sales agents),
- the expertise of service providers and operators in the field of promotion.

Support will generally be limited to 50% of project costs.

1.3.2 In the festivals field:

The programme measures aim to:

- support joint audiovisual festivals that screen a significant proportion of European works;
- encourage joint projects with a European dimension involving audiovisual events from at least eight Member States, with a common action plan to promote European audiovisual works and their movement.

Particular attention will be paid to festivals which help to promote works from Member States or regions with a low audiovisual production capacity and works by young European producers, and which establish a policy for monitoring the distribution of the European works featured at the festivals.

Priority will be given to projects from networks which encourage lasting cooperation between events.

Support will generally be limited to 50% of project costs.

1.3.3 Activities to promote European productions:

To encourage professionals, in close association with the Member States, to organise activities to promote European audiovisual and cinema productions intended for the general public.

1.4 Pilot projects

The Commission will implement pilot projects in the following areas:

- conservation and exploitation of the cinematographic heritage, by encouraging partnerships between operators in the cinematographic sector and public or private bodies;
- digitisation of European audiovisual programme archives;
- networking the owners of rights to catalogues of European audiovisual works;
- scheduling of European audiovisual works on special-interest channels in digital format;
- creation of a suitable environment for developing and disseminating new advanced on-line distribution services.

Where appropriate, the Commission may approach the technical consultation groups for assistance.

2. IMPLEMENTATION PROCEDURE

2.1 Approach

In implementing the programme, the Commission will work closely with the Member States. It will also consult the partners concerned and ensure that the participation of professionals in the programme reflects European cultural diversity.

2.2 Funding

2.2.1 Community contribution

Community funding will not exceed 50 % of the cost of the planned measures (other than in the cases expressly provided for in the Annex, where a higher ceiling applies) and will be granted in the form of advances or conditionally reimbursable loans. For multilingual support, the Community contribution will be in the form of subsidies.

2.2.2 Prior appraisal, monitoring and subsequent evaluation

Prior to approving a request for Community support, the Commission will carefully evaluate it to check that it complies with this Decision and with the conditions set out in points 2 and 3 of this Annex.

Requests for Community support must include the following:

- a financial plan setting out all the project funding components, including the financial support requested from the Commission;
- a provisional work timetable;
- any other relevant information required by the Commission.

2.2.3 Financial provisions and control

The Commission shall set out the rules on commitments and payments for the measures undertaken pursuant to this Decision, in compliance with the appropriate provisions of the financial regulations.

2.3 Implementation

2.3.1 The Commission shall implement the programme. It may, to this end, call upon consultants and technical assistance offices to be selected, after a call for tenders, on the basis of their expertise in the sector. The Technical assistance shall be financed by the programme's budget. The Commission may also conclude, in accordance with the procedure referred to in Article 8(2), partnerships for *ad hoc* operations with specialist bodies such as Audiovisual Eureka, in order to implement joint measures that meet the programme objectives in the field of promotion.

The Commission will make the final selection of the beneficiaries of the programme and decide on the financial support to be granted, in accordance with Article 7.

In order to execute this programme and, in particular, evaluate the projects benefiting from the programme funding and networking activities, the Commission shall draw on the know-how of recognised audiovisual experts in the fields of development, production, distribution and promotion.

2.3.2 The Commission shall take the necessary steps to provide information on the opportunities offered by the Programme, and shall ensure its promotion.

The Commission and the Member States shall take the necessary steps, by continuing with the activities of the network of MEDIA Desks and Antennae and ensuring that their professional skills are enhanced, in order to:

- publicise and promote the programme;
- encourage maximum participation in the programme's activities by professionals;
- assist professionals with the presentation of projects in response to calls for proposals;
- foster transborder cooperation between professionals;
- liaise between the various support bodies in the Member States with a view to ensuring that programme activities complement national support measures.

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Programme to encourage the development, distribution and promotion of European audiovisual works

2. BUDGET HEADING INVOLVED

B 3 2010.

3. LEGAL BASIS

Article 157 of the Treaty establishing the European Community

4. DESCRIPTION OF THE OPERATION

4.1 Overall objective

The aim of the programme is to remedy the shortcomings of the European audiovisual and multimedia content industries, i.e. the inadequate movement of non-domestic European works and the chronic shortage of investment, both upstream (project development and continuous vocational training) and downstream (distribution and promotion) in terms of production volume and competition from the United States.

The overall objectives are as follows:

- to enhance the competitiveness of the European audiovisual industry, particularly on the European market, by supporting the development of projects with genuine distribution and/or dissemination potential,
- to help independent European production and distribution companies (mostly small and medium-sized enterprises) by encouraging their networking,
- to help European content industries consolidate their market position in the new audiovisual media sector,
- to encourage the movement of audiovisual works within the European market and their promotion outside the Union,
- to enhance the potential of countries or regions with a low audiovisual production capacity and/or with a limited geographic and linguistic area,
- to ensure that European linguistic and cultural diversity is respected,
- to exploit the European audiovisual heritage.

4.2 Period covered by the operation and arrangements for renewal

The Media Plus Training programme covers the period from 1 January 2001 to 31 December 2005. Its possible renewal will be the subject of a new decision-making process based on the provisions of the Treaty.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations

5.3 N/A

6. TYPE OF EXPENDITURE OR REVENUE

The financial support allocated under the development heading will generally take the form of conditionally reimbursable loans for individual projects and non-reimbursable subsidies for catalogues of projects. The contribution will generally be limited to 50% of the cost of projects, but may be raised to 60% for projects that exploit European cultural diversity.

Financial support allocated under the distribution heading will generally take the form of conditionally reimbursable loans for selected systems (cinema and television) and non-reimbursable subsidies for automatic systems (cinema and video). Non-reimbursable subsidies will also be granted to assist sales agents and cinemas, to help with the production of international soundtracks and for catalogues of works in digital format. The contribution will generally be limited to 50 % of the cost of projects, but may be raised to 60% for projects that exploit European cultural diversity.

Financial support allocated to promotion and pilot projects will generally take the form of non-reimbursable subsidies.

7. FINANCIAL IMPACT

7.1 Method of calculating the total cost of the operation

Amounts were arrived at using two sources of information:

- The data available from the implementation of the MEDIA II Programme (databases by sector of activity and action line). These figures are based on actual dossiers submitted by tenderers (representing at least half of the professionals in the sector).

- Data contained in the following documents: proceedings of conferences on the audiovisual sector (Birmingham Conference on the European Audiovisual Industry, the Helsinki Forum on Audiovisual Policy), report by the High-level Group on Audiovisual Policy (Oreja Group), the mid-term assessment of the MEDIA II Programme (BIPE), Commission documents (Green paper on convergence, Communication on the next steps in audiovisual policy), etc. These documents – containing macro-economic analyses – include figures on the sectoral requirements of the European audiovisual industry.

Reimbursements of the loans granted under the programme, and of those for measures implemented under the MEDIA programme (1991-95) and the MEDIA II (1996-2000) programme, are allocated to the requirements of the MEDIA Plus programme.

Development

Breakdown and quantified forecast for the development sector (EUR million)

DEVELOPMENT	2001	2002	2003	2004	2005	TOT	selection % - Contrib. per contract
Project development							
Development of individual projects							
<i>No of calls for proposals anticipated</i>	2	2	2	2	2	10	
No of requests for support anticipated	1 000	1 000	1 000	1 000	1 000	5 000	17%
No of requests for support accepted (forecast)	170	170	170	170	170	850	-
Total (EUR million)	6.4	6.4	6.4	6.4	6.4	32.0	37.647
Development of project packages							
<i>No of calls for proposals anticipated</i>	1	1	1	1	1	5	
No of requests for support anticipated	150	150	150	150	150	750	34%
No of requests for support accepted (forecast)	51	51	52	51	51	256	-
Total (EUR million)	6.375	6.375	6.5	6.375	6.375	32.0	125.000
Total development support							
<i>No of calls for proposals anticipated</i>	3	3	3	3	3	15	
No of requests for support anticipated	1150	1150	1150	1150	1150	5750	19%
No of requests for support accepted (forecast)	221	221	222	221	221	1106	-
Total (EUR million)	12.775	12.775	12.9	12.775	12.775	64.0	57.866

Distribution

Breakdown and quantified forecast for the distribution sector (EUR million)

DISTRIBUTION	2001	2002	2003	2004	2005	TOT	selection % - Contrib. per contract
Cinema distribution support							
Selective cinema support							
<i>No of calls for proposals anticipated</i>	3	3	3	3	3	15	
No of requests for support anticipated	500	500	500	500	500	2500	50%
No of requests for support accepted (forecast)	300	270	230	220	220	1.240	-
Total (EUR million)	10	10	9	8	9	45.0	36.290
Automatic cinema support							
<i>No of calls for proposals anticipated</i>	1	1	1	1	1	5	
No of requests for support anticipated							87%
No of requests for support accepted (forecast)	150	150	150	150	150	750	-
Total (EUR million)	130	130	130	130	130	650	84.615
	11	11	11	11	11	55.0	
Support for cinemas							
<i>No of calls for proposals anticipated</i>	1	1	1	1	1	5	
No of requests for support anticipated	500	500	500	500	500	2500	29%
No of requests for support accepted (forecast)	120	150	150	150	150	720	-
Total (EUR million)	3.5	3.5	3.5	3.5	3.5	17.5	24.306
Support for sales agents							
<i>No of calls for proposals anticipated</i>	2	2	2	2	2	10	
No of requests for support anticipated	40	40	40	40	40	200	50%
No of requests for support accepted (forecast)	20	20	20	20	20	100	-
Total (EUR million)	1	1	1	1	1	5.0	50.000
Soundtrack production support							
<i>No of calls for proposals anticipated</i>	1	2	2	2	2	9	
No of requests for support anticipated	130	130	130	130	130	650	15%
No of requests for support accepted (forecast)	20	20	20	20	20	100	-
Total (EUR million)	0.4	0.4	0.4	0.4	0.4	2.0	20.000
Television broadcasting support							
Selective support for TV broadcasting							
<i>No of calls for proposals anticipated</i>	3	3	3	3	3	15	47%
No of requests for support anticipated	170	170	170	170	170	850	-
No of requests for support accepted (forecast)	80	80	80	80	80	400	112.500
Total (EUR million)	9	9	9	9	9	45	

Off-line distribution support							
Automatic editing support (DVD)							
<i>No of calls for proposals anticipated</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>5</i>	
No of requests for support anticipated	130	130	130	130	130	650	65%
No of requests for support accepted (forecast)	50	70	100	100	100	420	-
Total (EUR million)	3	3	3	3	3	15.0	35.714
On-line distribution support							
Support for catalogues							
<i>No of calls for proposals anticipated</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>5</i>	
No of requests for support anticipated	60	60	60	60	60	300	50%
No of requests for support accepted (forecast)	30	30	30	30	30	150	-
Total (EUR million)	2	2	2	2	2	10.0	66.667
Total distribution support							
<i>No of calls for proposals anticipated</i>	<i>13</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>14</i>	<i>69</i>	
No of requests for support anticipated	1680	1680	1680	1680	1680	8400	45%
No of requests for support accepted (forecast)	750	770	760	750	750	3780	-
Total (EUR million)	39.4	39.4	38.4	37.4	37.4	192.0	51.455

Promotion

Breakdown and quantified forecast for the promotion sector (EUR million)

PROMOTION	2001	2002	2003	2004	2005	TOT	selection % - Contrib. per contract
Promotion and market access							
Support for audiovisual markets							
<i>No of calls for proposals anticipated</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>15</i>	
No of requests for support anticipated	100	100	100	100	100	500	40%
No of requests for support accepted (forecast)	40	40	40	40	40	200	-
Total (EUR million)	4.0	4.0	4.0	4.0	4.0	20.0	100.000
Support for festivals/major events							
<i>No of calls for proposals anticipated</i>	<i>2</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>3</i>	<i>14</i>	
No of requests for support anticipated	200	200	200	200	2100	1000	28%
No of requests for support accepted (forecast)	55	55	55	55	55	275	-
Total (EUR million)	2.0	2.0	2.0	2.0	2.0	10	36.364
Total support for promotion							
<i>No of calls for proposals anticipated</i>	<i>5</i>	<i>6</i>	<i>6</i>	<i>6</i>	<i>6</i>	<i>29</i>	
No of requests for support anticipated	300	300	300	300	300	1500	32%
No of requests for support accepted (forecast)	95	95	95	95	95	475	-
Total (EUR million)	6	6	6	6	6	30.0	63.158

Pilot projects

Breakdown and quantified forecast for the pilot projects sector (EUR million)

PILOT PROJECTS	2001	2002	2003	2004	2005	TOT	selection % - Contrib. per contract
Pilot projects							
<i>No of calls for proposals anticipated</i>	2	2	2	2	2	10	
No of requests for support anticipated	30	30	30	30	30	150	18%
No of requests for support accepted (forecast)	3	6	6	6	6	27	-
Total (EUR million)	2.0	4.0	4.0	5.0	5.0	20.0	740.741

7.2 Itemised breakdown of cost

Breakdown and quantified forecast for the pilot projects sector (EUR million)

Measure	2001	2002	2003	2004	2005	Total
Development						
Support for individual projects	6.4	6.4	6.4	6.4	6.4	32.0
Support in the form of slate funding	6.375	6.375	6.5	6.375	6.375	32.0
Total development support	12.775	12.775	12.9	12.775	12.775	64.0
Distribution and dissemination						
Selective support for cinema distribution	10.0	10.0	9.0	8.0	8.0	45.0
Automatic support for cinema distribution	11.0	11.0	11.0	11.0	11.0	55.0
Support for cinemas	3.0	3.0	3.0	3.0	3.0	15.0
Support for sales agents	1.0	1.0	1.0	1.0	1.0	05.0
Support for soundtrack production	0.4	0.4	0.4	0.4	0.4	02.0
Total cinema distribution support	25.9	25.9	24.9	23.9	23.9	125.0
Selective support for television broadcasting	9.0	9.0	9.0	9.0	9.0	45.0
Total television broadcasting support	9.0	9.0	9.0	9.0	9.0	45.0
Automatic support for works intended for private use	3.0	3.0	3.0	3.0	3.0	15.0
Total support for off-line distribution	3.0	3.0	3.0	3.0	3.0	15.0
Support for catalogues	2.0	2.0	2.0	2.0	2.0	10.0
Total support for on-line distribution	2.0	2.0	2.0	2.0	2.0	10.0
Total support for distribution	39.4	39.4	38.4	37.4	37.4	192.0
Promotion						
Support for audiovisual markets	4.0	4.0	4.0	4.0	4.0	20.0
Support for festivals and major events	2.0	2.0	2.0	2.0	2.0	10.0
Total promotion support	6.0	6.0	6.0	6.0	6.0	30.0
Technological developments						
Pilot projects	2.0	4.0	4.0	5.0	5.0	20.0
Horizontal costs	8.3	8.3	8.3	8.3	8.3	41.5
GRAND TOTALS	68.98	70.98	70.10	69.98	69.98	350.0

Actions vis-à-vis the sector

Commitment appropriations (EUR million) (current prices)

	2001	2002	2003	2004	2005	Total
– MEDIA Desks	2.4	2.4	2.4	2.4	2.4	12.0
– Studies and meetings of experts ¹	0.4	0.4	0.4	0.4	0.4	2.0
– Information and publications	1.0	1.0	1.0	1.0	1.0	5.0
Total	3.80	3.80	3.80	3.80	3.80	19.00

7.3 Operating costs included in Part B of the budget

Horizontal costs

Commitment appropriations (EUR million) (current prices)

	2001	2002	2003	2004	2005	Total
– TAO ²	4.5	4.5	4.5	4.5	4.5	22.5
Total	4.5	4.5	4.5	4.5	4.5	22.5

In order to conduct a selection among the proposals and to assist in the follow-up, the Commission envisages calling upon external technical and/or administrative assistance. In the framework of the MEDIA II and MEDIA I programmes, the Commission was assisted by TAOs (Technical Assistance Offices) with expertise in the areas covered by the programme. The type of external technical and/or administrative assistance used for the implementation of the present programme will be determined in accordance with the guidelines established by the Commission. If TAOs were to be used for the establishment of the present programme, the College will be duly informed in accordance with the Vademecum concerning Technical Assistance Offices.

¹ Expenses meeting the criteria set out in the Commission Communication dated 22 April 1992 (SEC(1992) 769). The expert meetings will be organised by the Commission to assist it in the selection of projects for each call for proposals.

² The TAO will provide the Commission with technical and administrative assistance for the assessment of the projects presented and the monitoring of the implementation of the selected projects. Calling on the TAO does not imply any delegation of public power from the Commission who maintains the entirety of its decision-making powers.

7.4 Indicative schedule commitment/payment appropriations

Commitment appropriations (EUR million)

	2001	2002	2003	2004	2005	Total
Commitment appropriations	68.98	70.98	70.10	69.98	69.98	350.0
Payment appropriations						
2001	34.49	-	-	-	-	34.49
2002	24.14	35.49	-	-	-	59.63
2003	10.35	24.84	35.05	-	-	70.24
2004	-	10.65	24.54	34.99	-	70.17
2005	-	-	10.52	24.49	34.99	69.99
2006	-	-	-	10.50	24.49	34.99
2007	-	-	-	-	10.50	10.50
Total	68.98	70.98	70.10	69.98	69.98	350.0

8. FRAUD PREVENTION MEASURES

Programme beneficiaries are selected according to a call for proposals procedure published several times a year in the Official Journal of the European Communities. Before approving a request for Community support, the Commission carefully evaluates it to check that it complies with the Council Decisions and the terms of the call for proposals.

Requests for Community support must include the following:

- a financial plan detailing all the components of project funding, including the financial support requested from the Commission;
- a provisional work timetable;
- any other relevant information required by the Commission as set out in the technical specifications of the call for proposals.

For proposal selection, the Commission is assisted by a technical assistance office with expertise in the fields covered by the Programme. Projects that are deemed eligible are then submitted to independent experts and to the MEDIA Committee, which consists of representatives of the Member States participating in the programme, before the final decision is taken by the European Commission.

The payment of financial contributions is contingent upon the production of detailed supporting documents, prior to payment, and of activity reports. It is likewise contingent upon on-site checks (audits) and central monitoring.

Furthermore, various bodies (Court of Auditors, Financial Control and authorising officer) run checks on the bodies managing the measures and on the beneficiaries.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific and quantified objectives, target population

The objective in the development sector is to remedy chronic under-investment in the European industry, particularly in the development phase of projects with commercial potential on the European market. The objective is also to help independent companies consolidate their presence and set up networks.

The objectives of development aid must be:

- in the short/medium term, to inject additional funding into enterprises running fiction, animation or documentary projects using new technologies;
- in the longer term (and in conjunction with training), to bring about a change in professional practices in terms of greater concentration on project development.

Development aid must also encourage

- the most dynamic independent producers to implement genuine commercial development strategies, and
- encourage entrepreneurs to acquire the critical mass that will allow them to increase investment in the development of European projects as a result of increased turnover, catalogue receipts and operating results.

The objectives of distribution aid must be:

In the short term:

- to improve the access of European works to the exploitation modes already available within Europe and encourage the movement of European works within the Single Market;
- to improve public access to non-domestic European works (cultural diversity), particularly by providing assistance for multilingual productions;
- to enhance the prominence, visibility and profitability of these works in various formats (cinema, video and DVD, television);
- to encourage national and international distributors (sales agents) to increase investment in individual European works (publicity, promotion);
- to encourage the distribution sector (national and international) to increase investment in production, particularly the production of non-domestic works.

In the medium term:

- to improve the mobility and profitability of European works on the European and world markets, on all consumer-accessible media;

- to enhance the competitiveness of distribution companies (cinema, video, TV) and the compilation and exploitation of European copyright catalogues;
- to develop networking and joint strategies at European level by strengthening the links between distribution and production;
- to increase the production of works intended for the European market (distribution-led production) whilst respecting linguistic and cultural diversity;
- in cultural terms: to develop the European public's knowledge and appreciation of works from other European countries, thus strengthening European cultural identity in all its diversity.

The objectives of promotional assistance must be:

- to encourage the presence of European professionals and audiovisual programmes on both traditional markets and the emerging European and international markets;
- to encourage the participation by professionals and European audiovisual programmes in all measures to promote the movement, exchange or sale of European programmes inside and outside Europe;
- to encourage the scheduling of European audiovisual works at European and international events and/or festivals;
- to encourage the networking of professionals and of national associations at European level in order to optimise resources.

Sector	Target population
Development	- <i>European independent production companies (SMEs)</i> - <i>Fiction</i> - <i>documentaries</i> - <i>Animation</i> - <i>Multimedia</i>
Distribution	- <i>European film distributors (cinema, video, DVD, etc.)</i> - <i>Independent European cinema and television producers</i> - <i>European sales agents</i> - <i>Owners of copyright on works (catalogues): distributors etc.</i> - <i>Special-interest channels</i> - <i>Independent European operators</i>
Promotion	- <i>European and international audiovisual markets</i> - <i>International audiovisual festivals featuring a significant proportion of European works</i> - <i>European associations of international audiovisual festivals featuring a significant proportion of European works</i> - <i>European audiovisual operators</i> - <i>International audiovisual events to promote European works and talent</i>

9.2 Grounds for the operation

Need for a contribution from the Community budget, particularly in view of the principle of subsidiarity.

The support programme in question is in line with the European Union's audiovisual policy.

It operates on the basis of the principle of subsidiarity, complementing initiatives at national level. It underpins and complements measures taken at national level. It meets the objectives set out in the Treaty, particularly Article 157 thereof, i.e.:

- speeding up the adjustment of industry to structural changes;
- encouraging an environment favourable to initiative and to the development of undertakings throughout the Community, particularly small and medium-sized undertakings;
- encouraging an environment favourable to cooperation between undertakings;
- fostering better exploitation of the industrial potential of policies on innovation, research and technological development.

Choice of operational arrangements

The incentive here is financial, the aim being to mobilise additional investment from industry and bring about a significant increase in the volume of activity. This market-based approach will stimulate activity.

National state aid is very much geared towards production, whilst MEDIA aid is deployed for the development of projects and the distribution of works. National aid in the production sector accounts for 59% of total national aid, compared with 5% for distribution and 6% for exploitation.

By mobilising capital (under the MEDIA II programme), Community financial intervention will have an average multiplier effect of 4.19 in development and 7.2 in distribution.

- Main unknowns that may affect the specific results of this action: this is a pioneering, high-risk industry.

9.3 Monitoring and evaluation of the operation

Performance indicators:

Development	Individual projects	- Number of projects developed - Number of projects in production - Level of investment by production companies in the development phase (in EUR) - Number of works produced with MEDIA assistance and distributed outside the country of production
	Project packages	- Number of enterprises benefiting from the programme - Number of projects developed per year per enterprise - Number of projects in production - Number of enterprises that have collaborated in project development

Distribution	Selective support for cinema	- Number of non-domestic films distributed (by company, country, year, etc.) - Number of distributors per film distributed (networks) - Number of European distributors (programme participation) - Number of seats sold per film - Number of copies per country - Ratio of expenditure on promotion (per film and country) to production budget and the guaranteed minimum paid - Number of non-domestic European films distributed from countries with limited audiovisual production capacity - Reimbursement rate (film's performance on the market)
	Automatic support for cinema	- Number of non-domestic films distributed - Number of European distributors - Number of seats sold per film - Number of copies per country - Ratio of expenditure on promotion (per film and country) to production budget and the guaranteed minimum paid - Rates of investment in P&A (prints and advertising), GM (guaranteed minimums) and co-production.
	Support for sales agents	- Number of enterprises benefiting from programme - Number of films supported - Number of countries sold to per film - Revenue from films sold
	Support for cinemas	- Number of cinemas in networks - Ratio of scheduling for non-domestic European films - Number of seats sold for non-domestic European films - Volume of receipts from non-domestic European films in relation to investment in promotion
	Support for soundtrack production	- Number of projects supported - Number of beneficiary enterprises - Number of countries in which film distributed - Revenue from films supported
	Selective support for television	- Number of projects supported - Number of partner countries involved in project - Return rate (in relation to the number of countries sold to) - Number of countries sold to - Revenue generated
	Automatic support for works intended for private use (video - DVD)	- Number of titles distributed (non-domestic European) by medium - Number of European editors benefiting from the programme - Volume of revenue from the marketing of these works (by medium) - Proportion of works from countries with low audiovisual production capacity - Rate of reinvestment of support in distribution of works in DVD format
	Support for catalogues	- Number of enterprises supported - Scheduling volume (by genre/origin of production) of supported catalogues - Countries sold to and revenue generated - Ratio of financial assistance from the Commission to overall investment (in relation to catalogue volume)

Promotion	Support for promotion	- Number of audiovisual markets and umbrellas supported - Number of enterprises and participants in markets and umbrellas - Number of programmes on the markets - Volume of trade in programmes - Volume of receipts generated
	Support for festivals and major events	- Number of audiovisual festivals supported - Scheduling rate, European films - Scheduling rate, non-domestic European films - Number of viewers - Number of films commercially distributed after screening at festivals - Number of works screened by young producers

The Commission monitors the most pertinent indicators throughout the implementation of the programme. For the contracts established with the Commission, the beneficiaries of financial support will have to provide the relevant information so as to allow the continuous, half term and ex-post evaluation.

Details and frequency of planned evaluation:

The Commission will draw up two Programme evaluation reports.

Mid-term report: the first report will be drawn up two years after the start of the programme. The object of this report is to provide an initial assessment of the results obtained at the half-way stage so that any changes or adjustments that are deemed necessary may be made for the second half of the programme. To this end, the Commission may draw on the assistance of outside experts, who will be selected on the basis of their expertise following a call for tenders. The Commission report will be submitted to the European Parliament, the Council and the Economic and Social Committee.

Final Report: the second report will be drawn up at the end of the five-year programme. The object of this report is to assess the comparative results of support systems in the light of the programme objectives. As with the mid-term report, the Commission may call on outside consultants for assistance. The final report will be submitted to the European Parliament, the Council and the Economic and Social Committee.

Furthermore, in the light of the experience acquired under the MEDIA II Programme, the Commission plans to continue its practice of auditing beneficiaries (around 30 per year) in order to check that Community funds are being used properly. The results of audits will form the subject of a written report.

Evaluation of the results obtained:

Information providing a measure of the performance, results and impact of the Programme will be taken from the following sources:

- statistical data compiled on the basis of the information from application dossiers and the monitoring of beneficiaries' contracts;
- audit reports on a sample of Programme beneficiaries (30 per year);

- consultations with MEDIA Desks and Antennae and on national markets;
- consultations with experts and institutional bodies (national and international professional associations);
- consultations with audiovisual professionals and with specialist training bodies.

10. ADMINISTRATIVE EXPENDITURE (PART A OF SECTION III OF THE GENERAL BUDGET)

This section must be sent simultaneously to DG BUDG and DG ADMIN; the latter will then forward it to DG BUDG with its opinion.

Actual mobilisation of the necessary administrative resources will depend on the annual decision by the Commission on the allocation of resources, particular account being taken of the additional staff and amounts authorised by the budgetary authority.

10.1 Impact on the number of posts

Type of post		Posts to be allocated to management of the operation		of which		Duration
		permanent posts	temporary posts	from existing resources within the DG or department concerned	from additional resources	
Officials or temporary staff	A B C	9A; 6B; 8C;		5A; 3B; 3C	4A; 3B; 5C;	2001-2005
Other resources						
Total		23		11	12	5 years

The administrative resources required may actually be mobilised in the framework of the annual Commission decision on the allocation of resources, taking into account in particular additional resources authorised by the budgetary authority.

Accordingly, DG EAC should take into account the risk that the budget authority, after the Council having adopted the legislative proposal in question, does not grant the Commission the necessary additional human resources. In that case, if no redeployment from other Commission services were possible, DG EAC would have to meet the related needs in term of human resources by internal redeployment exclusively.

10.2 Overall financial impact of the additional human resources

(EUR)

	Amounts	Calculation method
Officials	12.420.000	23 person/year x EUR 108.000 (unit cost) x 5 years – Titles A1, A2, A4, A5 and A7.
Temporary staff	-	
Other resources (Heading A 0 7002)	-	
Total	12.420.000	

Amounts show the total cost of additional posts for the entire duration of the operation if it is of a specific duration, or for a period of 12 months if it is of unspecified duration.

10.3 Increase in other management expenditures resulting from the action, notably expenditures for meetings and expert panels (EUR)

Budget Line (No and heading)	Amounts	Method of calculation
1-7031 Obligatory Committees	949.000	MEDIA Committee: 30 national experts (2 experts per delegation EUR 650 per expert) + 2 experts for Iceland (EUR 900 per expert – calculation based on 1998 Commission missions) + 2 experts for Norway (EUR 650 per expert – calculation based on 1998 Commission missions). Total per Committee meeting: EUR 22.600. The Committee meets once a month x 5 years = 1.356.000. Percentage of contribution for the MEDIA Training decision to the functioning of the MEDIA Committee: 30%.
A-7030 Meeting costs	1.662.000	TECHNICAL EXPERT GROUPS: 30 non-national experts (2 experts per delegation, EUR 800 per expert/transport and accommodation costs) + 2 experts for Iceland (EUR 900 per expert for transport – calculation based on 1998 Commission missions – and EUR 149.63 for accommodation) + 2 experts for Norway (EUR 650 per expert for transport – calculation based on 1998 Commission mission- and EUR 149.63 for accommodation). Total per meeting: EUR 27.700. The group meets once a month for five years.
Total	2.611.000	

The expenses relating to heading A-7 appearing in point 10 will be covered by the overall credits for DG EAC.