Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Recommendation 1674 (2004)[1]

Challenges facing the European audiovisual sector

Parliamentary Assembly

1. Cinema was born in Europe and throughout its history, and later that of television, audiovisual works have played an important cultural, social and economic role. Today, audiovisual production is one of the most powerful means for the transmission and shaping of values and attitudes in society and one of the fastest growing industries in the world. The economic and political stakes are therefore enormous and European institutions should pay special attention to the cultural implications.

2. In Europe, the audiovisual sector remains in a precarious and unstable state and has not been able to take full advantage of the steady growth in production over the last decade and the rise in cinema admissions. European audiovisual works may be successful at national level but it is still difficult for them to cross European borders. For that reason, even if Europe in terms of consumers is a larger potential market than that of the United States, most European audiovisual works have budgets which are insignificant compared to the American "majors".

3. The Parliamentary Assembly is concerned at the economic implications for Europe of its evergrowing trade deficit in audiovisual products vis-à-vis the United States and at the cultural implications of the dominance of American productions on cinema and television screens in Europe. Competition in the audiovisual sector is also growing with other parts of the world, namely Asia and Latin America. The Assembly is also alarmed that many cinema theatres, especially in town centres, are closing owing to lack of funds and increased competition from multiplexes.

4. The Assembly has followed the evolution of this question from its earlier Recommendation 862 (1979) on cinema and the state, Resolution 887 (1987) on European Cinema and Television Year, and Recommendation 1067 (1987) on the cultural dimension of broadcasting in Europe. Many of the concerns remain valid today.

5. The difficulties of achieving a truly European dimension for national audiovisual works lie in the small size of most markets and the cultural and linguistic differences between European countries. Most local producers and distributors are small and have modest resources. There are insufficient funds and structures to establish control over the entire "value chain" of products – from idea and project development to worldwide distribution in cinemas and on television – and to develop optimally the successive exploitation of one and the same product in different formats (known as "distribution windows").

6. Many European governments have long realised that the national market alone will not provide for adequate funding of their film production and have instituted a number of public support schemes. While vital for sustaining national film production, these schemes have little or no impact on the circulation of audiovisual works at the continental level.

7. The real challenge facing the European audiovisual sector at present is to combine the artistic creativity and cultural diversity of European works with a truly European dimension, in terms of the cultural values that these represent and in terms of their market reach. The Assembly welcomes the efforts in this direction of the two major European programmes, Eurimages, the Council of Europe's fund for the co-production, distribution and exhibition of European cinematographic works, and the MEDIA Plus programme of the European Union.

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1. (see Doc. 10253, report of the Committee on Culture, Science and Education, rapporteur: Ms Milotinova). Text adopted by the Standing Committee, acting on behalf of the Assembly, on 7 September 2004

8. Co-production plays a special role in that respect as it not only expands the European dimension of film-making but also increases the chances of cross-border distribution. The Assembly deplores the lack of funds to that effect Europe-wide. The MEDIA Plus programme focuses on pre- and postproduction, leaving the financing of production to national schemes according to the subsidiarity principle. Eurimages remains the only pan-European scheme for co-production but its annual budget is far from meeting even the modest demands of the European film industry.

9. The Assembly welcomes provisions in audiovisual legislation and regulations stemming from Article 10 of the Council of Europe Convention on Transfrontier Television (ETS No. 132) and Article 4 of the European Union "Television without Frontiers" Directive, which establish the requirement for member states to maintain "where practicable" a majority proportion of transmission time for European works on television. The cinema and television industry in member countries, in particular the distribution sector and especially in eastern Europe, need further political and financial backing in order to abide by this rule.

10. Attempts of countries, especially those with low production capacity or a restricted linguistic area, to join forces and create regional blocks for the promotion of national production, should be encouraged. The annual European Film Awards, the Felix awards, deserve far greater publicity by the media. Stronger support should also be given to various initiatives which promote a higher proportion of European films in cinemas – such as the Europa Cinemas network – and "counter-stream" cultural programming in cinemas – cinémas d'art et essai in France, AIACE in Italy, kommunale Kinos in Germany or Folkets Hus Bio in Sweden.

11. The new technologies in screening and distribution, for instance when cinema theatres download their programmes electronically and images and sound are received via broadband or satellite, open new opportunities for wide-reaching dissemination of audiovisual works. Electronic distribution, however, when not properly regulated, can easily create unfair competition.

12. The Assembly deplores the persistent and growing threats to the integrity and special value of culture in a commercial environment. Audiovisual works, because of their cultural value, must not be regarded as a simple commodity and treated like any other service in the framework of the Doha Round of the World Trade Organization.

13. The Assembly therefore recommends that the Committee of Ministers:

13.1. regard the development of a high-quality, culturally diverse and economically competitive European audiovisual sector as a priority of the cultural policy of the Council of Europe;

13.2. consequently, reinforce the mandate of the cultural sector and ensure more effective co-ordination between existing structures, in order not only to observe developments in the audiovisual sector but also to formulate recommendations and take appropriate decisions at the political level in the Council of Europe, in co-operation with the European Union;

13.3. engage in a political initiative vis-à-vis its member states to increase their funding for Eurimages, along the lines of Assembly Recommendation 1138 (1990) on Eurimages;

13.4. invite the European Union to co-operate on increasing funding of pan-European film production, either by the European Commission participating in Eurimages as a member or by the EU making use of the capacities and competence of Eurimages in the administration of an EU-financed production support fund;

13.5. continue to insist on cultural diversity as a political justification for maintaining national support systems for film and audiovisual creation, in line with the aims of the European Cultural Convention, in order to enable each culture to express itself and contribute to the rich European cultural heritage;

13.6. support the work currently being carried out to establish an international instrument for the protection of cultural diversity under the auspices of Unesco and develop related instruments more appropriate to the European context.