

## I

(Information)

## COMMISSION

**Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on the follow-up to the Commission communication on certain legal aspects relating to cinematographic and other audiovisual works (Cinema communication) of 26 September 2001 (published in OJ C 43 on 16.2.2002)**

(2004/C 123/01)

(Text with EEA relevance)

(COM(2004) 171 final)

### 1. INTRODUCTION

1. The Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on certain legal aspects relating to cinematographic and other audiovisual works <sup>(1)</sup> (hereinafter referred to as 'the Communication') tackled, among others, two issues that are of vital importance for the cinematographic industry: State aid to cinema and protection of heritage.

2. The present Communication is the follow-up to that Communication. In the field of State aid, the Commission intends to provide legal security to the sector, by clearly stating the rules to be applied until 30 June 2007. In relation to film heritage, the Commission proposes adopting a Recommendation of the European Parliament and of the Council on film heritage and the competitiveness of related industrial activities.

### 2. THE GENERAL APPROACH OF THE COMMISSION WITH REGARD TO STATE AIDS TO CINEMA SECTOR

1. The criteria used by the European Commission to assess the compatibility with the EC Treaty of aid schemes for cinema and TV production were clarified in chapter 2 of the Communication. This Communication contains the general approach of the Commission with regard to State aid to the cinema and TV production sector.

2. These criteria are two-fold:

(a) Respect of the general legality criterion;

(b) Specific compatibility criteria for State aid to cinema and TV programme production.

<sup>(1)</sup> COM(2001)534 final of 26.9.2001, OJ C 43, 16.2.2002

3. The Communication stated that the specific compatibility criteria would remain valid until June 2004. Member States' aid schemes for cinema and TV production are currently authorised by the Commission until the same deadline.
4. The Commission organised a broad consultation exercise on the possible adjustment of the specific compatibility criteria with Member States, accession countries and professionals, within the framework of the Cinema Expert Groups, which met on 9 and 19 January 2004 in Brussels. Member States and professionals unanimously expressed their satisfaction with the criteria set out in the Communication and did not raise any concern regarding their impact on competition.
5. In their view, the cinema sector in Europe is under pressure and therefore aid is needed to support it. They fear that a modification of the existing rules could threaten the stability of the sector and therefore they pleaded to maintain the set of rules as it now stands.
6. The Commission's main concerns are not related to the volume of the aid, which, being aimed at supporting culture is compatible with the Treaty. However, the Commission recalled its worries over certain territoriality requirements, i.e. the 'territorialization' clauses of certain aid schemes. Such territorialization clauses impose on producers an obligation to spend a certain amount of the film budget in a particular Member State as an eligibility condition for receiving the full aid amount. Territorialization clauses may constitute a barrier to the free circulation of workers, goods and services across the EC. They may, therefore, fragment the internal market and hinder its development. However, the Commission considers that these clauses may be justified under certain circumstances and within the limits set in the Communication in order to ensure the continued presence of human skills and technical expertise required for cultural creation. Of course, this Communication is without prejudice to the Commission's obligations under the Treaty to deal with complaints relating to possible breaches of other Treaty rules than the State aid provisions.
7. The Commission has therefore carefully considered the arguments put forward by the national authorities and the professionals of the cinematographic sector. It accepts that the sector of film production is under pressure. It is therefore willing to consider, at the latest at the time of the next review of the Communication, higher aid amounts being made available provided that the aid schemes comply with the conditions of general legality under the Treaty and, in particular, that barriers to the free circulation of workers, goods and services across the EC in this sector are reduced.
8. In advance of the next review of the Communication, the Commission intends, in addition to further analysing the arguments of the sector, to carry out an extensive study on the effects of the existing State aid systems. The study should examine in particular the economic and cultural impact of the territorialization requirements imposed by Member States, in particular taking into account their impact on co-productions.
9. In the light of the above, the Commission extends the validity of the specific compatibility criteria for aid to cinema and TV programme production, as set out in the Communication, until 30 June 2007.

### 3. PROTECTION OF FILM HERITAGE

1. The Cinema Communication examined the legal deposit of audiovisual works at national or regional level as one of the possible ways of conserving and safeguarding the European audiovisual heritage and launched a stocktaking exercise of the situation regarding the deposit of cinematographic works in the Member States, accession countries and EFTA countries. All Member States already have systems in place for collecting and preserving cinematographic works forming part of their audiovisual heritage. Four-fifths of these systems are based on a legal or contractual obligation to deposit all films, or at least those films that have received public support.

2. Cinematography is an art form contained on a fragile medium, which therefore requires positive action from the public authorities to ensure its preservation. Cinematographic works are an essential component of our cultural heritage and therefore merit full protection. In addition to their cultural value, cinematographic works are a source of historical information about European society. They are a comprehensive witness to history of the richness of Europe's cultural identities and the diversity of its people. Cinematographic images are a crucial element for learning about the past and for civic reflection upon our civilisation. In order to ensure that the European film heritage is passed down to future generations, it has to be systematically collected, catalogued, preserved and restored. In addition, European film heritage should be made accessible for educational, academic, research and cultural purposes, without prejudice to copyright and related rights.

3. There have been a number of EU and international actions aimed at protecting film heritage. At EU level, the following should be mentioned:

— The Council Resolution of 26 June 2000 <sup>(2)</sup> on the conservation and enhancement of European cinema heritage calls on Member States to cooperate in the restoration and conservation of cinema heritage, including through recourse to digital technologies, to exchange good practice in this sector, to encourage progressive networking of European archival data and to consider the possible use of these collections for educational purposes.

— European Parliament Report on the Commission Communication on cinema of 7 June 2002 <sup>(3)</sup>, in which the European Parliament underlined the importance of safeguarding the cinematographic heritage.

— The Council Resolution of 24 November 2003 on the deposit of cinematographic works in the European Union <sup>(4)</sup> invited Member States to put in place an efficient system of deposit and preservation of the cinematographic works forming part of their audiovisual heritage in their national archives, film institutes or similar institutions, if such systems do not yet exist.

4. At international level, The European Convention for the protection of the Audiovisual Heritage <sup>(5)</sup> was open for signature on 8 November 2001. It provides that each Party has to introduce the obligation to deposit moving image material forming part of its audiovisual heritage and having been produced or co-produced in the territory of the Party concerned.

5. The transfer of the possession of cinematographic works to archiving bodies does not imply transferring copyright and related rights to them. Nevertheless, Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society <sup>(6)</sup> stipulates that Member States may provide for an exception or limitation in respect of specific acts of reproduction made by publicly accessible libraries or by archives which are not for direct or indirect economic or commercial advantage.

6. Finally, the cinematographic industry in Europe has great potential for creating employment and contributing to economic growth. This refers not only to the production and showing of films, but also to the collection, cataloguing, preservation and restoration of cinematographic works. The conditions for the competitiveness of these industrial activities related to film heritage need to be improved, especially as regards better use of technological developments, such as digitisation.

7. In the light of the above, the Commission proposes adopting a Recommendation of the European Parliament and of the Council on film heritage and the competitiveness of related industrial activities. Member States, accession countries and professionals have been consulted on the draft proposal, within the framework of the Cinema Expert Groups, which met on 9 and 19 January 2004 in Brussels.

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<sup>(2)</sup> OJ C 193, 11.7.2000.

<sup>(3)</sup> PE 312.517, not yet published in the Official Journal.

<sup>(4)</sup> Council Press Release 1457/03, OJ C 295/5, 5.12.2003.

<sup>(5)</sup> <http://conventions.coe.int>, Council of Europe, ETS No 183.

<sup>(6)</sup> OJ L 167, 22.6.2001.