

Brussels, 16 October 2009

## European Commission seeks views on the opportunities and challenges for digital cinema

***The European Commission today launched a public consultation of professionals from the EU's audiovisual industry on how to best seize the opportunities and address the challenges of the 'digital revolution' in the EU film sector. Digital cinema can make distribution of films cheaper and more flexible, enabling more European films to travel. 'Going digital' however requires high investments. One third of European cinemas could be threatened with closure due to the high cost of digital equipment – unless new business models and viable public support schemes are developed now. Feedback from cinema and audiovisual professionals as well as national film agencies and other interested parties during the 2 month consultation opened by the Commission today will feed into a Communication early next year setting out the Commission's policy on digital cinema.***

*"The digital revolution is happening now and Europe's cinema should be well prepared for it!" said Viviane Reding, EU Commissioner for Information Society and Media. "Convergence between traditional content and digital technology radically changes the way films are produced, distributed and watched. This technological development can create new business opportunities, new jobs and new consumer services – if we create the right framework to stimulate this process. The Commission therefore wants to consult all stakeholders about their experiences, needs and expectations regarding digitisation which is crucial for the future of European cinema."*

Competition Commissioner Neelie Kroes commented: *"A public debate on the impact of digital cinema in Europe is long overdue. Significant investment will be necessary and state subsidies may play a role in support of digitisation. Therefore we need a careful understanding of the dynamics of the sector, in order to ensure that transition to digital will be to the benefit of the operators of the cinema sector and ultimately of the consumers."*

Digital technologies are increasingly used by filmmakers. New cameras and formats make it easier to produce films. Other digital tools are being used for exciting special effects and 3D films. Distributing a digital film copy can be up to ten times cheaper than a traditional 35 mm print; digital cinema could therefore make it easier for European films to be seen by global audiences. However digital screening equipment can cost too much for many of Europe's cinemas; roughly 31% of European cinemas are single-screen cinemas and only 10% of cinemas are multiplexes.

**In the consultation launched today** the European Commission wants to find out how digital cinema could impact on the European film sector and in particular Europe's 30.000 cinema screens. It invites EU film exhibitors, distributors, national film agencies, and public and private film organisations to share their views.

The US currently has the lead in digital cinema. A digital master is already available for 90% of all US new films whereas in France (the EU's biggest film producer) less than half of new films are available on digital. In addition, the US developed the VPF (Virtual Print Fee) model where third parties collect part of the money saved by film distributors which can then be used to finance digital equipment. In Europe, only 2428 screens have been converted so far for digital projection. Worldwide, some 12.000 screens have been digitally equipped on a total of around 110.000 worldwide. By 2012, it is estimated that nearly 20% of cinemas worldwide will be converted.

National governments are considering subsidising the transition to digital cinema. Italy has already notified a state aid scheme for which a [public consultation](#) is currently ongoing ([IP/09/1181](#)). Other countries (including, France, Germany and Norway) are planning or finalising their national support schemes, but most arthouse theatres (those that screen European independent films, like the members of the [Europa Cinemas](#) network supported by the MEDIA Programme) have at the moment neither public nor private financing to help them go digital.

In addition to questions for Europe's film and cinema professionals, the Commission today also published an analysis on digital cinema and outlined its policy in this field, including State aid questions. The analysis and feedback from **the public consultation which runs until 16 December 2009** will enable the Commission to finalise a Communication on "Opportunities and challenges for European cinema in the digital era" in 2010.

## **Background**

This public consultation results from the discussions of an expert group established by the Commission in spring 2008 to look at the possible threat to the diversity of European cinemas and the need for alternative business models.

Within Europe, the existing MEDIA 2007 programme will provide €755 million to Europe's audiovisual industry from 2007-2013, helping European professionals get training and develop, distribute and promote their works around Europe ([IP/07/169](#)).

The MEDIA Programme has been adapted continuously since 1991 to support the European audiovisual industry. Most recently new technologies have been mainstreamed into the programme, from training to exhibition. One of the training strands supported by MEDIA is dedicated to digital technologies, whether in production, distribution or exhibition. Several pilot projects have also been launched, digital costs for the distribution of European films have been eligible for years and a specific support scheme for digital screenings of European films was set up with Europa Cinemas

### **Link to public consultation and background document:**

[http://ec.europa.eu/information\\_society/media/overview/consultations/index\\_en.htm](http://ec.europa.eu/information_society/media/overview/consultations/index_en.htm)

[MEDIA 2007 Decision](#)

[http://ec.europa.eu/information\\_society/media/overview/2007/index\\_en.htm](http://ec.europa.eu/information_society/media/overview/2007/index_en.htm)