



Co-productions that shine

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Open Method of Coordination (OMC)
group of Member States' experts
on co-productions

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Foreword

by **Doreen Boonekamp (Chair of the Group)** and **Alex Trăilă (Vice-Chair)**

More than 30 years ago, a set of institutions arose in Europe with the sole purpose of fostering and facilitating the birth of a European film industry: EAVE, the training ground for creative producers to develop international skills and projects; the European Audiovisual Observatory, collecting and distributing information on the state of play; Eurimages, supporting European co-productions; the European Distribution Office, promoting and exporting European films outside Europe's borders; and the MEDIA programme, enhancing the whole value chain from project development to support for festivals. It was understood that culture, or more precisely storytelling through film and audiovisual works, catered to the unity of our continent's inherited diversity. The centrepieces were authors and independent producers, the binomial behind a diverse output of unique cinematographic productions. Through these initiatives, Europe ensured – in addition to national, regional and local public funds, as well as incentives introduced subsequently – the continuity and further development of its pluralism, freedom of artistic expression and cultural diversity, integrating them into a single business model.



*Doreen Boonekamp
(Chair of the Group)*

Today Europe is facing new challenges, and film and audiovisual are again at their heart. At the same time, the challenges in terms of what is at stake are not so very different from 30 years ago. We feel the need to reconfirm the principles that bind us to safeguard creation and freedom of expression, as well as acknowledge and support the concept of cultural diversity to strengthen the European audiovisual ecosystem. This includes acknowledging the key role of independent co-productions as driving vehicles for pluralism, whether those co-productions are cinematographic, high-end series or new forms of creative audiovisual productions. Therefore, all stakeholders in the European audiovisual industry have a joint responsibility to ensure a balance of negotiating power amongst all parties in the value chain, including independent producers, authors, and all end-of-chain operators.



Alex Trăilă (Vice-Chair)

Co-productions hold the power to attract the best talents and finance, and boost the circulation of audiovisual works. Together with our fellow Open Method of Coordination group members, we have explored the fundamentals of co-productions, i.e. sharing intellectual property (IP), sharing responsibility, sharing financial and creative contributions, augmenting the position of the independent producer and nurturing talent, as well as developing skills aiming for co-productions with strong international appeal. We have also pinpointed a new funding chapter that puts social and cultural value above economic impact. Thus, we have identified the value of starting collaboration as early as possible and of increasing the complementarity and continuity of support schemes.

The recommendations and best practices put forward in this report aim to be a practical toolkit for policy-makers, industry players and creators, to be used as a checklist before setting up or adapting legal frameworks or support schemes or entering into co-productions. We hope these will be a valuable resource for all, since boosting co-productions that shine is essential for the sustainability and competitiveness of the European audiovisual industry as a whole.

Doreen Boonekamp, Chair
Alex Trăilă, Vice-Chair



Introduction

From the Palme d'Or of the Franco-Italian *Il Gattopardo* by Visconti in 1963 to the Palme d'Or of the 2021 MEDIA-supported Franco-Belgian *Titane* by Julia Ducournau, there is a famous European tradition of film co-production, which is rooted in the fertile ground of networks and relationships between European audiovisual professionals.

The meaning of “co-production” to professionals is several producers working together to leverage their mutual resources (financial, talent and material) and artistic collaboration, and most importantly to share risks, rights and revenues, in order to produce an audiovisual work. “Official” cinematographic co-productions are covered by international conventions or bilateral agreements. The films are considered “national” in each of the co-producing countries, making them eligible for public funding. The revised Council of Europe Convention on Cinematographic Co-production¹, which serves as the point of reference, applies two requirements, namely the European nature² and the cinematographic nature³ of the work.

Recognising the potential of European co-productions to act as locomotives for the sector, the Council of the European Union in 2019 decided to create an Open Method of Coordination Group of Member State experts to discuss how to stimulate European co-productions. Twenty-six Member States selected experts for this Group, which held six meetings between June 2019 and December 2021.

The Open Method of Coordination

The Open Method of Coordination (hereafter referred to as OMC) is a light but structured method EU Member States use to cooperate at European level, for example in the field of culture. It helps create a common understanding of challenges and helps to build consensus on solutions and their practical implementation. Through an exchange of good practices between EU Member States, it contributes to improving the design and implementation of policies, without regulatory instruments. It can be regarded as a form of ‘soft law’.

The political will to improve the environment so that it can be more fertile for co-productions echoes the recent evolution of EU policies, which are designed to enable companies to scale up from national markets to the European level and to foster collaboration. The main regulatory instruments that are relevant in the audiovisual sector are the revised Audiovisual Media Services Directive⁴ adapting it to the emergence of streaming and video sharing platforms, the new Copyright Directive protecting creators in the digital age⁵, and the Cinema Communication⁶ that frames how state aid can be allocated to the audiovisual sector, with a provision allowing co-productions to benefit from a higher aid intensity

1 <https://www.coe.int/en/web/culture-and-heritage/cinematographic-coproduction>

2 The European nature is determined by obtaining points relating to different features. See Box: Focus on the definition of co-productions.

3 Related to theatrical exploitation.

4 Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive) in view of changing market realities, <https://eur-lex.europa.eu/eli/dir/2018/1808/oj>

5 Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market, <https://eur-lex.europa.eu/eli/dir/2019/790/oj>

6 <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:332:0001:0011:EN:PDF>



rate. The *Media and Audiovisual Action Plan*⁷ published in December 2020 aims to support recovery and transformation of the media and audiovisual sectors in this direction, drawing on Next Generation EU⁸ and a strengthened EU budget for the period 2021-2027.

In the present report, which is the result of the OMC on co-productions, we pay attention not only to cinematographic works covered by the revised Council of Europe Convention on Cinematographic Co-production, but also to organic forms of cooperation among EU-27 producers, notably in the field of TV series, a format that is thriving. Whilst fully acknowledging the importance of co-productions with countries outside Europe, the Group decided to focus on co-productions among EU-27 Member States.

This paper, *Co-productions that shine*, is primarily addressed to policy-makers at EU, national and sub-national level, as well as professionals working in the audiovisual industry. For the recommendations to have the greatest possible impact, however, private stakeholders across the whole value chain – from creatives to end-of-chain operators – are encouraged to commit to them and to cooperate among themselves, as well as with public institutions.

The members of this OMC group have formulated recommendations for an ecosystem that encourages co-productions among EU-27 countries. Building on its experience with the previous report, *European movies on the move*, the Group has further proven to be an important arena for sharing experience and best practices from different Member States and different parts of the audiovisual value chain. Effective implementation of the recommendations will be instrumental in the transformation of the European ecosystem.



Il Gattopardo - Luchino Visconti



Titane - Julia Ducournau

7 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: *Europe's Media in the Digital Decade: An Action Plan to Support Recovery and Transformation* COM/2020/784 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0784>

8 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: *Europe's moment: Repair and Prepare for the Next Generation*, COM/2020/456 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1590732521013&uri=COM:2020:456:FIN>



I. The rationale behind European co-productions

While all co-productions are driven by the objective of joining forces and collaborating (A), the status of “official” co-production opens the doors to public support (B). Co-productions travel better and reach wider audiences than purely national works and in turn contribute to reinforcing the international career of talents (C).

A. A way for private companies to join forces

Co-production means pooling the resources (financial, talent and material) and the artistic collaboration of several producers in order to produce an audiovisual work. Financing is based on territorial and exclusive allocation of licensing rights. The producers co-own the audiovisual work as a result of the principle of sharing risks, rights and revenues between co-producers, and therefore producers share both the legal and economic responsibility for the production and the intellectual property.⁹

On average, European co-productions travel better, generate a higher number of admissions¹⁰, and account for bigger budgets than purely national films¹¹. First, because a co-production benefits from local producers in more than one country through the sharing of territorially exclusive rights, making domestic distribution in more territories potentially easier and more successful, especially when elements related to the story, language, location, or cast and crew may appeal to the domestic audiences of all the countries involved in the project. Second, because multinational co-productions are often high-budget productions involving financial contributions not easily raised in only one of the production countries.

⁹ A production company that was involved in the production and financing of the work without obtaining co-ownership status through a co-production contract would therefore not be a co-producer, but a service producer or co-financier

¹⁰ “Despite accounting for only 24.2% of the total production volume in Europe over the period 2010-2015, worldwide admissions to co-productions were slightly higher than those for purely national films, amounting to a yearly average of 262.9 million admissions over the period 2010-2015, or 50.3% of overall admissions to European films (56.9% for EU films). In other words, co-productions generated, on average, approximately three times more admissions than purely national films.” *The legal framework for international co-productions*, European Audiovisual Observatory, Strasbourg, 2018. p.8, <https://rm.coe.int/iris-plus-2018-3-the-legal-framework-for-international-co-productions/168090369b>

¹¹ “A total of 39.5% of the films produced in Europe between 2010 and 2015 received a theatrical release in a country other than the main country of production. For majority co-productions, this figure rises to 62.9%. On average, European co-productions circulate almost twice as much as purely national productions (32.1%).” Cabrera Blázquez F.J., Cappello M., Enrich E., Talavera Milla J., Valais S., *The legal framework for international co-productions, IRIS Plus*, European Audiovisual Observatory, Strasbourg, 2018. p.8, <https://rm.coe.int/iris-plus-2018-3-the-legal-framework-for-international-co-productions/168090369b>



Despite the advantages of co-productions, the vast majority of European productions are still national¹² for diverse reasons, such as cultural and public reference points, and the requirements for public sector support for majority and minority co-productions. Indeed, national funding schemes often ask for films to have national cultural significance (days filming on site, presence of actors, or team members).

The main factors affecting co-productions appear in the SWOT analysis below.

SWOT analysis of European co-productions

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • Creativity and diversity in culture and storytelling • Boost for local talents • Experience of EU producers with co-productions • Appetite of audiences for foreign content 	<ul style="list-style-type: none"> • Linguistic diversity (in the work and in the legal documents) • Difficulty of sharing rights and revenues with end-of-chain operators • Complexity of working with different working approaches and systems
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> • To gather financing for bigger budgets • To facilitate the international career of works and talents • To develop markets for non-national works from the audience perspective • To access public support for co-productions (MEDIA programme for TV content; Eurimages; national and regional funds) and for co-development (MEDIA programme) 	<ul style="list-style-type: none"> • Scarcity of public funding for minority co-productions in times of crisis • Lack of multilingual information on the different public support schemes¹³ • Complexity of combining the applicable requirements, including expenditure obligations • Difficulty of co-producing in COVID times (travel, safety rules) • Pressure on producers to hand over rights and move into an executive role

¹² From 2016 to 2020, national productions represented two thirds of EU-27 cinematographic production. (Figures provided by the European Audiovisual Observatory.) See Figure 1.

¹³ The fact that many calls for proposal are not translated into English considerably hinders the possibility for co-producers to access them.



Focus on the definition of co-productions¹⁴

At European level, the Council of Europe Convention on Cinematographic Co-production was drawn up with the aim of promoting multilateral co-production, providing a legal structure, and strengthening cultural ties between European communities while protecting cultural diversity, and spreading core values across countries party to the Convention. In 2016, the Convention was revised with the intention of providing new flexibility in constructing co-productions, and to reflect technological change and evolving industry practice. The revised Convention is now open for accession by non-European countries. Among the important changes introduced by this revised Convention are new rules on the maximum and minimum participation percentages for multilateral and bilateral co-productions in order to take the needs of smaller producing countries into account. For multilateral co-productions, the maximum participation rate is now 80% and the minimum is 5%. For bilateral co-productions, the new maximum and minimum participation rates are 90% and 10%.

The text of the original 1992 Convention, which applied on condition that the co-produced work met the definition of a 'European cinematographic work', has been revised. The concept of a 'European cinematographic work' has been replaced by the concept of an 'official co-production'. This is defined as one which achieves a certain number of points under a test based on the nationality of the creatives, performers and crew, where the nationality for obtaining a point is that of a country having signed and ratified the revised Convention. This definition reproduces the definition generally adopted in co-production agreements¹⁵. TV series are not included.

In addition to the artistic reasons for a co-production, arising from a script taking place in or featuring characters from several countries, co-productions are also driven by economics. Co-productions are a powerful way for the film to scale up either in terms of budget, and/or in terms of commercial prospects (i.e. travelling to more countries and attracting more audiences), with an enhanced level of storytelling quality and production value.

This is particularly important in Europe, where the market is fragmented, with most companies considering their national market not the continent as a whole as their home market, and characterised by the importance of small independent production companies. Europe's audiovisual companies focus on national audiences with a few exceptions. European films are exported on average to three EU countries, whereas US films are exported to 10.¹⁶ This is a major challenge. **The members of this OMC group believe** that the diversity of EU-27 countries, including the differences in production capacities, reinforces the value of co-productions in overcoming the challenge of markets fragmented along national lines.

The Audiovisual Media Services Directive (AVMS) (Article 17)¹⁷ contains a provision requiring broadcasters to reserve "at least 10 % of their transmission time" or "10 % of their programming budget" to European works created by producers who are independent of broadcasters. This means that at European level the independence of producers is assessed solely in relation to broadcasters. The Directive does not clarify whether this criterion requires absolute independence and thus total absence of involvement of a broadcaster in the ownership of the production company, or relative independence that would allow broadcasters to hold a stake in the capital of a production company as long as the production company deals with other broadcasters. Nevertheless, the Directive indicates that criteria such as the ownership of the production company, amount of programmes supplied to the same broadcaster and ownership of secondary rights should be taken into account (Recital 71).

14 Cabrera Blázquez F.J., Cappello M., Enrich E., Talavera Milla J., Valais S., *The legal framework for international co-productions*, European Audiovisual Observatory, Strasbourg, 2018 ISSN 2079 1062 ISBN 978-92-871-8904-2, <https://rm.coe.int/iris-plus-2018-3-the-legal-framework-for-international-co-productions/168090369b>

15 *Explanatory Report to the Council of Europe's Convention on Cinematographic Co-production (revised)*, <https://rm.coe.int/16806930a1>

16 Figures provided by the European Audiovisual Observatory

17 Op.cit.

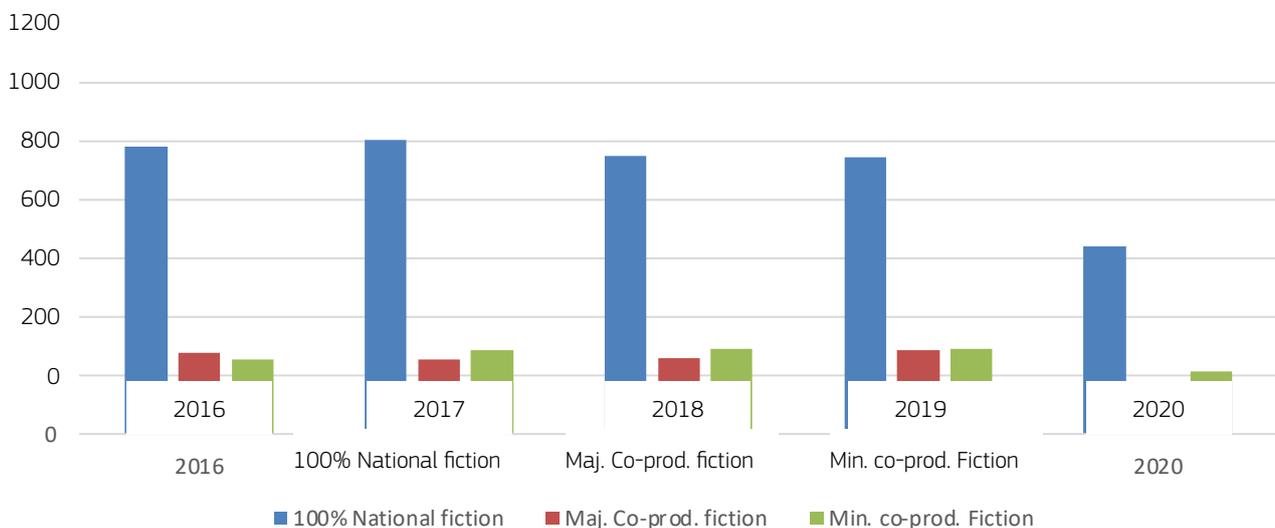


The members of this OMC group wish to underline the fact that independent productions play a major role in the field of diversity and inclusion, and democracy, as they contribute to cultural diversity, nurture a diversity of talents in front of and behind the camera, feature challenging storylines, and help the audience develop its own thinking. **The members of this OMC group also wish to highlight** the importance of involving independent producers, talents, funds and other key players in both high production capacity territories and smaller territories, including ensuring access to funding for those from areas with languages that are less spoken and from other minorities, and to voices from underrepresented groups – thus encouraging equality of opportunity and addressing under-representation in the screen industries. Independent production is part and parcel of a healthy European production sector that is able to bring to life the best stories while making the most of new means of finance and talents across Europe.

The objective of supporting works which travel more has been a traditional rationale for public support to co-productions. This has in turn contributed to the attractiveness of co-productions for European professionals. Co-productions amounted consistently for more than a third of European cinematographic production from 2016-2020¹⁸ (see Figure below).

Figure 1: Productions and co-p.

Number of productions per year 2016-2020



Source: European Audiovisual Observatory

As European co-productions imply producers opening up to partners from different cultures, developing a European mindset is, according to professionals, the cornerstone of smooth cooperation. **The members of this OMC group emphasise** that trust, mutual confidence, and reliability of partners are reflected in the co-production contract, under the terms of which each co-producer is the co-owner of the work. They also acknowledge the major role played by the territorial and

¹⁸ Figures provided by the European Audiovisual Observatory. They focus on cinematographic works, in line with Council of Europe's Convention on Cinematographic Co-production.

¹⁹ Figures for 2020 are provisional.



exclusive allocation of licencing rights in the financing of the audiovisual sector and film industry.

The specificities of co-production contracts

The legal nature of a co-production is determined in a **co-production contract**, which covers each party's obligations and rights. The contract may take different forms and evolve according to the successive stages of the co-production. In addition to the usual clauses that are present in all audiovisual production contracts, there are clauses that are often included to meet the specific needs of non-national co-productions, such as clauses on access to aids and subsidies for each of the co-producer's countries.²⁰

Even though co-production and the pooling of resources involved may be developed at different stages, professionals agree on the benefits of joining forces on a project as early as possible through co-development. **The members of this OMC group acknowledge** that appropriate public support is in a position to incentivise such positive practices.



Still from the film *Alcarràs*, by Carla Simón, Winner of the Golden Bear, Berlinale 2022

© Lluís Tudela

Co-production from Spain and Italy

²⁰ Cabrera Blázquez F.J., Cappello M., Enrich E., Talavera Milla J., Valais S., *The legal framework for international co-productions*, European Audiovisual Observatory, Strasbourg, 2018 ISSN 2079 1062 ISBN 978-92-871-8904-2, <https://rm.coe.int/iris-plus-2018-3-the-legal-framework-for-international-co-productions/168090369b>



B. The driving force of public support

Accessing public support from different countries is a powerful driver for cinematographic co-productions. Public authorities therefore play a crucial role in the development of co-productions. At national and European level, conventions have directly supported the development of cinematographic co-productions, granting access either to funding schemes specifically aimed at co-production, such as the Eurimages co-production fund, or to national and regional support.

Co-productions in the new MEDIA programme (2021-2027)

At EU level, the MEDIA programme has never been as well equipped to support co-productions as now. First, the new Creative Europe programme launched in 2021 comes with a significantly increased budget of EUR 2.45 billion for the next seven years (i.e. an increase of approximately EUR 1 billion compared to the previous programming period), and 58% is earmarked for the MEDIA strand. Second, co-productions are supported across all schemes.

- In the **content** cluster MEDIA supports collaborations for production, including co-production of TV and online content, and co-development. The support for co-development, newly introduced in 2021, is specifically designed to pave the way for co-productions, as starting upstream brings proven results. To apply for co-development support, the agreement of at least two European producers has to be materialised through a co-development contract.
- In the **business** cluster MEDIA supports initiatives that allow European professionals to acquire the right set of skills to work across borders; the markets where co-productions are sold; the stands where co-producers get to meet and expand their networks; the organisations that are likely to help co-productions across their lifecycle; and the companies that distribute co-productions in non-national territories.
- In the **audience** cluster MEDIA supports festivals and theatres, which in turn benefits co-productions shown on their screens; theatrical and online distribution to bring audiovisual works, and notably co-productions, to their audience; and actions to develop the audience for all European works.

National and regional film funds have significant resources to incentivise co-productions by giving access to selective and semi-automatic funding for majority co-productions. Most funds also offer specific schemes for minority co-productions, with bonuses and extra points given to co-productions in the competitive process leading to public support. This can often be combined with other regional film and audiovisual funds, tax incentives, tax shelters or cash rebates. This practice has had a structuring impact on the market.



Examples of national-level support for co-productions

Greece

The Minority Co-Production Programme of the Greek Film Centre (GFC) promotes foreign co-productions and has brought positive results for the partnership of Greek producers with European co-productions. This programme is intended for fiction, documentary and animation feature-length projects with a minimum runtime of 70 minutes. The aim of the programme is to promote the outward orientation and involvement not only of Greek producers but also artistic and technical staff in international co-productions. The projects that are eligible are foreign initiatives with a minority Greece-based co-producer. To be eligible, projects should also involve the participation of Greek artistic and technical contributors, and/or make use of film labs based in Greece, and/or have part of the filming take place in Greece.

There are two categories of projects that can be included in this programme: Category A includes internationally co-produced projects originating from i) member states of the Council of Europe that have ratified the Convention on Cinematographic Co-production and ii) Canada, China and Israel, with which the Greek state has ratified a bilateral agreement, as well as any other state that signs a bilateral agreement with Greece in the future. Category B includes co-productions with countries which have not ratified the Convention on Cinematographic Co-production and with which there is no bilateral agreement with Greece.

Italy

Co-productions are eligible for all schemes provided that the Italian share is at least 20% in a bilateral or 10% in a multilateral co-production. Several schemes promote co-productions through advantages such as additional points or bonuses or facilitations for co-productions. This is the case of the selective contribution scheme, the automatic contribution scheme, the production tax credit, the fund for minority co-production films, as well as in bilateral co-development and co-production agreements.

Netherlands

The Netherlands Film Fund (NFF) has a longstanding and pro-active attitude towards co-production within Europe and beyond. It offers support through both selective and automatic schemes for production and distribution.

To ensure continuity in support to minority co-productions, the NFF provides a specific envelope for minority co-produced feature films, animations and documentaries. This funding scheme is open for projects with a demonstrable substantial creative and technical input from film professionals from the Netherlands. The Dutch share in the co-production has to be at least 10%. Furthermore, minority co-produced features and documentaries are backed with theatrical distribution support to increase their visibility in the Netherlands. In addition, minority co-produced films and high-end series are also eligible for the Netherlands Film Production Incentive offering a cash rebate of up to 35%.

The NFF also has bilateral agreements with, for example, the Flemish Audiovisual Fund (VAF). Both funds participate annually in feature films and documentaries, among others, that are made as co-productions and released in both countries under a bilateral cooperation agreement. On average 30 minority co-productions are granted selective support each year.

Spain

Co-productions are eligible for both the General Support Scheme and the Selective Support Scheme for the production of feature films from the ICAA (Institute of Cinematography and Audiovisual Arts). In those schemes automatic points are given for official co-productions with technical and artistic participation from Spain. In addition, 5% of the total amount of the Selective Support Scheme for the production of feature films is earmarked for minority co-productions, up to a maximum of EUR 300 000, provided that this amount does not exceed 40% of the cost certified by the ICAA.



Examples of regional support for minority co-productions

When looking across Europe, the DNA of regional, local and community film and audiovisual funds differs significantly in objective and purpose, e.g. support for local talent, to build infrastructure, for minority languages, local storytelling, locations, in addition to the differences in the type of funding (grant, loan, co-production investment). Most regional film funds do not differentiate between majority and minority co-productions, and in most cases both feature films and TV series can be supported (e.g. Film i Väst (Sweden) EUR 12 million, Filmfonds Wien (Austria) EUR 13 million, Pictanovo (France) EUR 8 million, IDM Südtirol (Italy) EUR 5 million).

Many regional film agencies allocate more than half their total annual funding budget for production to minority co-productions. For some, minority co-productions are their main focus, e.g. Screen Flanders, with an annual budget of EUR 3.5 million (2021) mainly supports minority co-productions, though majority Flemish feature films can also apply for funding if they match all the selection criteria. The support ranges from EUR 50 000 to EUR 400 000.

An example of a territory with a specific envelope/scheme for minority co-productions is ICEC in Catalonia. The total annual budget for audiovisual is EUR 17 million and the minority feature film co-production scheme has a budget of EUR 1.2 million. The purpose is to foster creative, professional and artistic exchange, and enable films of high artistic and high production value to reach international audiences. The maximum available is EUR 300 000, up to a maximum of 60% of the local producer's share.

Co-development funds are another significant policy for establishing creative cross border partnerships. An example is RE-ACT, an initiative aimed at developing and fostering international co-productions by filmmakers in the partner territories. It was set up in 2015 by the Croatian Audiovisual Centre, the Friuli Venezia Giulia Audiovisual Fund and the Slovenian Film Centre and was joined by Film Center Serbia in 2019. RE-ACT consists of two interlinked actions: a co-development fund and a training programme.

Focus on requirements for co-production funding at national and regional level²¹

The requirements for obtaining funding for a co-production differ across territories, e.g. funding criteria that reflect support for own talent and language versus a territory where the role of the fund is to generate a structuring effect for the audiovisual industry in the territory.

Overall, they are a combination of the following aspects of a project:

- artistic and cultural value (story, script, film director, creative team);
- audience or festival potential;
- economic assessment (e.g. regional effect on the local audiovisual industry or shooting days in the region);
- track record of team/production companies.

²¹ *Mapping of film and audiovisual public funding criteria in the EU*, European Audiovisual Observatory, Strasbourg 2019, Film funds - Final Report (coe.int)



In the context of certain public support mechanisms (for example, incentives such as tax shelters, tax rebates and cash rebates, as well as some other support schemes), it is crucial to increase the complementarity of support schemes for co-productions to ensure their effectiveness. When certain support schemes ask for national or regional significance (days filming on site, presence of actors or crew members, high expenditure obligations), there is a risk that it would become difficult to combine these public support schemes. This can be particularly challenging for producers trying to package their projects in an organic, effective and efficient way. For example, around half the production support schemes tracked by the European Audiovisual Observatory in 2019 set a precise minimum spend in the country/region as a share of the amount awarded. Initiatives have been developed at national level to deal with this²² (see next Box).

Focus on the agreement between Luxembourg and the Netherlands to overcome the requirements on local expenses

In the light of the COVID-19 pandemic, Film Fund Luxembourg and the Netherlands Film Fund came to an agreement to apply flexibility in expenditure obligations with the aim of reducing the need to travel while it was not safe. This meant abandoning spending obligations amongst the co-producing countries, wherever possible, trusting that in the long run the situation would even out.

The example in the previous Box of an agreement to ease the requirements on national expenses for public support could pave the way for innovative measures that could serve this goal, such as the limitation of mandatory national expenses to 80% rather than 100% or more of the value of the public support.

Moreover, requirements on locations for shooting and staff should also be taken into account to deal with new challenges, such as the intensification of digitisation, the consequences of COVID-19 and the need to reduce carbon footprints.

The members of this OMC group acknowledge that, while film funds agree on the benefits of co-productions, it is necessary for them to strengthen their dialogue and cooperation in order to improve the transparency and compatibility of the different support schemes, notably regarding requirements. Moreover, **the members of this OMC group recognise** that the risk of incompatibility primarily prejudices independent producers, who are the main beneficiaries of public support. In addition, **the members stress** the importance of streamlining the public support application files.

²² *Idem* 21



Example of Eurimages working group to streamline budget templates

In 2016 and 2017, a study group set up by the Eurimages Board of Management met to address the problems raised by the diversity of the financial documents producers needed to provide within the framework of co-production support programmes.

The group's objectives were to increase the **quality and transparency of the financial information** on the co-production projects and **harmonise and simplify** these documents and procedures wherever possible.

The group's main outputs were:

- **contract short forms:** English language summary forms to be filled out for chain-of-title agreements, distribution and investment contracts, to avoid systematic translation from other languages;
- **an annex to the letter confirming the co-production status** listing the essential information when national authorities certify co-productions;
- **a template summary budget** (budget top sheet) providing an overview of the financial situation of a project while being compatible with local or national templates.

Based on the preliminary work of the study group, in 2021 Eurimages also put in place **standard forms for the certification and audit of final production costs and financing plans.**



C. An international mindset for talents

While it is essential to have the right skills to take part in any production, talents working on co-productions require an international mindset in order to work smoothly with foreign partners. Most of the time, this implies being curious about European stories, accepting different working cultures and being able to communicate in a foreign language.

The members of this OMC group acknowledge the fact that this ability to work with professionals from other European countries can be stimulated through international training, which appears to be a real asset for future co-productions and for the industry as a whole in a period of shortages of trained professionals. Beyond the skills themselves, the opportunities to get to know European professionals are also instrumental for future cooperation. This highlights the value of pan-European networks.

Focus on examples of pan-European training programmes



ACE Producers is Europe's premier network of successful producers from Europe and beyond. Membership is based on professionalism, mutual trust, collaboration, and forward thinking. Each year, up to 20 new experienced producers are accepted into the ACE Network after completing the ACE programme of executive education. Producers develop strong links and ultimately a genuine co-production mindset.



EAVE is aimed at producers (fiction, documentary and TV series) already working in the film and television industries who wish to expand their operation internationally by increasing their knowledge of producing and co-producing in Europe and by building up a pan-European professional network. EAVE graduates join a unique network of active European producers, which forms one of the backbones of the industry.



The **Nipkow Programm** is a fellowship programme aimed at professional writers, directors and producers to develop and refine projects in Berlin through an à-la-carte curriculum tailored to meet their individual needs and aspirations. In addition to one-to-one mentoring, fellows attend bespoke training seminars on various aspects of packaging, promotion, sales and new technologies. Whether they are working on a feature film, documentary, series, animation or trans-media project, the emphasis of the programme is on project development, with the ultimate aim of initiating international co-productions and promoting their worldwide distribution.



TorinoFilmLab is an international laboratory that supports talented authors and professionals from all over the world through several activities and forms of support in the fields of audiovisual training and development plus production and distribution funds. It offers amongst others three annual programmes: 1) the Scriptlab for writer/directors developing a script for a feature film, as well as story editors; 2) the Featurelab for creative teams working on the director's 1st or 2nd feature film projects, at an advanced development stage; 3) the Serieslab, a programme fully dedicated to fiction TV series projects at an early development stage and aimed at professional scriptwriters and directors wishing to develop innovative and high profile international TV series projects through the creation of the concept.



As audience figures show, co-productions are able to turn the spotlight on talents both in front of and behind the camera. They can boost the career of a talent, who will in turn add value to the future works those talents will work on. This ability to attract extra limelight makes the co-productions instrumental in fostering international talents.

Focus on the boost co-production has given to the career of Yorgos Lanthimos

Yorgos Lanthimos was born in Athens, Greece, and started his career, like many other directors, by directing commercials, music videos and short independent films. Because the Greek film market is not as large as in some other countries, Lanthimos began to pick up jobs filming different ballet and dance-related performances and was able to make the transition to feature film director.

While his first three feature films, *Kinetta*, *Dogtooth*, and *Alps* were produced by Greek companies, his first European co-production, the MEDIA-supported *The Lobster* scaled up his director career. This Irish, Greek, Dutch, British, French co-production that won the Jury Prize at the 2015 Cannes Film Festival was his first film in English. This choice, combined with the first-order cast starring Colin Farrell, Olivia Colman and Rachel Weisz, was a stepping-stone for an international career for the film.

Among his more recent films, *The Killing of a Sacred Deer* (2017) was a MEDIA-supported Irish/UK co-production. The participation of Colin Farrell and Nicole Kidman confirmed the high ambition of the co-production, which was nominated for the Palme d'Or and won the prize for best screenplay.



Still from the film The Lobster, by Yorgos Lanthimos
Photographer: Despina Spyrou
Co-production from Ireland, UK, Netherlands, Greece, France and USA



II. Co-productions in a post-COVID-19 world

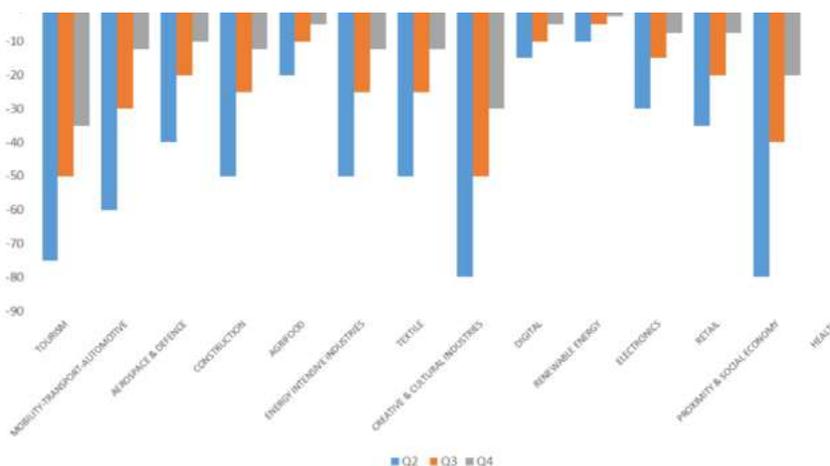
The COVID-19 pandemic has changed the nature of the audiovisual ecosystem and of co-productions (A), acting as catalyser of trends and highlighting the paramount importance of balanced relationships among the different players (B). Co-productions are also an opportunity to re-think the way we work together to face one of the most pressing challenges of our time, which is the necessary greening of our society (C).

A. The impact of COVID-19 on European co-productions

The cultural and creative sector was among the sectors hardest hit by the pandemic, which has stopped performances, shut venues and halted productions.

Figure 2: Current and expected drops in turnover reported by industry (share of turnover), 2020²³

Fall in turnover foreseen for 2020 by industry



Source: Identifying Europe's recovery needs - COM(2020)456²⁴

²³ Based on a DG GROW survey in March & April 2020.

²⁴ Staff Working Document accompanying Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: *Europe's moment: Repair and Prepare for the Next Generation*, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020SC0098&from=EN>



The audiovisual sector bore an unprecedented burden, with drops in revenue, shooting postponed, insurance issues, unavailability of personnel and decisions on future investments on standby as well as lay-offs.

Initiating new co-production projects has in turn proved particularly difficult, as shown in the decrease in both majority and minority cinematographic co-productions from 2019 to 2020. Challenges specific to co-productions, such as the necessity to travel, provide an explanation for the decrease in majority co-productions from 2019 to 2020 (some 40%),²⁵ which is greater than the fall in productions for the same period (some 30%) (Figure 1: Productions and co-productions per year, 2016-2020 (EU-27)).

Examples of support measures introduced to tackle the pandemic and benefiting co-production

1) Comeback Grant for Austrian film and TV productions (AT)

In response to the pandemic and as of July 2020, the Austrian government established a so-called "comeback" grant for film and TV productions (including, but not exclusively limited to, co-productions). This funding tool follows the idea of a guarantee fund, compensating for costs caused by film and/or TV productions forced to pause or interrupt production because of COVID-19 cases occurring in the production teams.

Additional costs for COVID-19-related hygiene measures (tests, disinfectants, COVID-19 production consultants) are covered by an additional contingency of 5%, which is accepted by all major public film funds in Austria.

2) Combination of measures in Flanders (BE)

The Flanders Audiovisual Fund opted for an additional investment to stimulate the local audiovisual sector and the production of high quality Flemish content via a 25% increase in the aid given to each production, combined with more flexibility on administration, reporting and expenditure obligations. It allocated EUR 6.9 million of emergency support in 2020. A further budget of EUR 20 million has been allocated from the Flemish Resilience and Recovery Plan in 2021-2022.

3) COVID Funding Mechanisms in Croatia (HR)

Croatia introduced a selective funding mechanism available to Croatian majority productions and co-productions to cover certain additional costs related to COVID protection measures in order to stimulate production. It is an ongoing open call and intended to remain available for the duration of the pandemic. In late 2020, Croatia introduced a limited one-off call for requests for funding to offset the loss of access to co-production partners at the outset of the COVID crisis and to stimulate production.

4) German Production Continuation Fund (DE)

Established in September 2020, the Production Continuation Fund of the Federal Government and the Länder (Ausfallfonds I) covers the uninsurable risk of COVID-19 related production losses that producers of Federally-funded theatrical films and high-end series (including co-productions) faced during the pandemic. If COVID-19 related production disruption occurred during the period of filming or in the late stages of pre-production, resulting in damage to the production, losses can be compensated. Production work outside Germany (Europe and worldwide) is also largely covered.

²⁵ Measures were listed by the EFADS <https://europeanfilmagencies.eu/news-publications/our-press-releases/241-measures-by-efad-members-to-mitigate-the-consequences-of-the-covid-19-outbreak>



In addition, in the pandemic context, some constraints are directly related to the specificities of co-productions, which have not only faced the difficulty of travelling in Europe, but also a risk that support might focus on national works at times of scarce resources and major needs. In this perspective, **the members of this OMC group recognise** the positive effect of providing support to co-productions, including support to minority co-productions.

Finally, the unprecedented closure of borders caused by the health crisis has revealed the problem of insurance and its impact on co-productions. **The members of this OMC group acknowledge** that no solution was found at European level, yet it was possible to use the funds from the Next Generation EU recovery funds for that purpose. Five countries provided solutions at national level, namely Austria, Belgium (French, Flemish and German-speaking communities), France, Germany and Netherlands. However, not every scheme was open to co-productions, minority co-productions in particular.

The Belgian example showed an interesting approach to covering co-production expenditures in a cooperative way with European partners (see next Box).

Focus on Belgian measures to cover risks related to the COVID-19 pandemic

The Brussels-Wallonia Federation developed two mechanisms to cover the risks and refund the extra costs incurred from disruption of production because of the COVID-19 pandemic. One was a guarantee fund and the other was an advance against future receipts. Both had similar conditions. To be eligible, works had to be:

- productions or co-productions;
- feature films, shorts, documentaries or TV series;
- Belgian works or foreign works (from the Schengen area);
- shot in Belgium (or the Schengen area), or with Belgian expenditures covering shooting in Belgium (or the Schengen area).

In Flanders a guarantee fund was established for the audiovisual sector, which amounted to EUR 10 million for two years (2021-2022). Co-productions are eligible when they are acknowledged as such within a co-production agreement. The fund covers up to 30% of the production costs, with support of up to EUR 1 million per production.



B. Acceleration of trends and importance of balanced relationships

Beyond the direct consequences of the health crisis, COVID-19 has accelerated trends that were already present in the market, notably the combination of different roles. Some players combine production and distribution. This is particularly relevant for streaming platforms, which are not just involved in online distribution, but increasingly in production, in line with the obligation to contribute financially to the production of European works laid down in the revised Audiovisual Media Services Directive.²⁶

A number of powerful international streaming platforms have entered the European market and are successfully producing content in Europe. This has represented both an opportunity and a challenge for European independent audiovisual producers and works. On the one hand, platforms can give European producers and artists access to financing and a wider international audience. On the other, the application by platforms of what could be defined as a “work-for-hire” model (i.e. the acquisition of all the intellectual property rights from the producer and/or from individual creators from the outset, worldwide and in perpetuity) can “lock in” producers/talents with the platform in question.²⁷ It also raises concerns regarding ownership of intellectual property and represents risks for the diversity of content created and the autonomy of the European ecosystem.

This issue is particularly important as the importance of streaming has lately been considerably reinforced, as shown by recent trends in consumption habits. European citizens’ time spent on streaming platforms increased by 122% in 2020²⁸, driven in part by the closure of theatres in pandemic times. Video on demand outstripped live viewing by 68% to 32%.²⁹

Despite the difficulty of striking balanced relationships, strong European co-productions are in a better position to thrive in a post-COVID world. They are the very epitome of European works with public appeal. In this respect, co-productions are a response to and a way out of the current crisis. This is a renewed rationale for public funds to stimulate strong European co-productions, via incentives in their support. They are the very epitome of European works with public appeal.

Co-productions are powerful vehicles to address the challenges currently faced by the industry, namely the recovery from the crisis, the intensification of the digital shift, and the necessity of greening the sector.

Over the last decades, the common understanding of co-production was to share IP rights as a return on investment for the creative and financial risks. This understanding of co-production has had a recognised structuring impact on the market.

IP is crucial for the monetisation of content and for the independence from broadcasters and/or streaming platforms which comes with IP revenues. This applies both to cinematographic works (as reflected in the Council of Europe Convention on Cinematographic Co-production) and to TV series, as reflected in support schemes (e.g. the TV/Online support of the MEDIA programme – see next Box). In the TV sector, independent producers confirm that such IP requirements in public support have been instrumental when introducing reverting rights with broadcasters.

²⁶ Op.cit.

²⁷ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: *Europe’s Media in the Digital Decade: An Action Plan to Support Recovery and Transformation* COM/2020/784 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0784>

²⁸ 123% in Western Europe, 320% in Northern Europe, 25% in Eastern Europe, 61% in Southern Europe: *Q4 2020, Conviva’s State of Streaming Europe*

²⁹ *Q4 2020, Conviva’s State of Streaming Europe*



Support for co-production through the MEDIA programme

The Creative Europe MEDIA programme does not provide a definition of co-production. However, several schemes have requirements that support co-production.

There are three criteria in the case of TV and online content: i. the eligible countries, ii. the consortium, and iii. the activities themselves, with the obligation for exploitation rights to revert to the independent producer after 7 years (in the case of pre-sale to a broadcaster) or 10 years (in the case of co-production with a broadcaster).

Over the years, **the requirement on intellectual property in the MEDIA programme has helped independent producers recover the intellectual property of the works produced.**

In so doing, the MEDIA programme has had a structuring effect on the TV market in Europe, and on co-productions.

The power of online distribution has skyrocketed over the last years. The attractiveness of streaming platforms allows them to push a variety of IP arrangements, in which the platforms own the master and the exploitation rights. This can result in models based on ceding full ownership of IP rights. It also contributes to concentration in the audiovisual sector. When negotiating with major players, European production companies have limited bargaining power. This can result in models based on ceding full ownership of IP rights. This has in turn hindered the ability of the independent producers to recoup their investments and monetise their work on a long-term basis. This leads to the need to reaffirm the classic European model based on independent production companies owning the IP and exploitation rights in line with the territoriality principle.

The European Producers Club (EPC) has carried out preparatory work on addressing this issue and has identified concrete guidelines on re-balancing these relationships (see next Box).

A reflection of the current situation of independent productions, in particular in the TV series sector, is the conclusion by professionals³⁰ calling for the position of independent producers to be reinforced at critical moments of the production chain, notably in their relations with broadcasters and/or streaming platforms, and ensuring complementarity between national and pan-European public policies and support programmes.

³⁰ *The Budapest Drama Series Process - Conclusion Paper: Council of Europe's High Level Conference* <https://rm.coe.int/tv-drama-series-conclusion-paper-en/1680a4ba5e>



Focus on the EPC Code of Fair Practices for VOD services when commissioning new works from independent producers³¹

The EPC Code defines the role of independent production companies in relations with the other links in the value chain. It calls on VOD services to value the contribution of independent producers in contracts with VOD services when acquiring or commissioning audiovisual works from independent production companies. It sets four principles to re-balance negotiations.

1. Fair and proportionate remuneration and economic participation for producers (by VOD services);
2. Producers' contribution and right to participate in future derivative works (by VOD services);
3. Transparency and accountability (by VOD services in relations with independent production companies);
4. Public benefits and fiscal incentives to be channeled only through independent production companies in return for keeping ownership of the IP and other rights (measure to be implemented by public funds and executive bodies).

The members of this OMC group wish to point out their attachment to shared IP rights along with exploitation rights as a necessary condition for co-production and the grounding for the autonomy of the sector's independent players vis-à-vis public support.

The question of the balance of power between market players with different business models not only influences the IP arrangements, but also fair access to viewing data. In the context of co-productions, co-producers should have access to data on the performance of their works. While the box office figures of theatrical releases are monitored and available to professionals, the access to data from online exploitation, such as the number and length of views, is in the hands of the streaming platforms. This topic has been a recurrent request from independent producers in recent years, and major players have agreed on processes to share data at different stages of the exploitation of a work. Access to this information is also crucial for public funding bodies, who often calculate support in relation to a work's performance.

The members of this OMC group stress the need to grant producers and relevant public authorities fair access to viewing data, as this is instrumental in understanding the audience in a fast evolving context. These figures are not only useful for producers and authors, and for film funds to adapt their support to the evolution of the markets, but also for the audience to make an informed choice.

Beyond access to data, any means favouring transparency, such as regular contacts and open dialogue, are instrumental in a healthy environment for strong European co-productions. The *Media Outlook* that the Commission services will publish in 2022 will also look at those trends and analyse their potential impact on the European market and existing business models.

³¹ EPC Code of fair practices for VOD services when commissioning new works from independent producers, <https://www.europeanproducersclub.org/our-code-of-fair-practices>



C. Towards greener European co-productions

The Green Deal announced by President von der Leyen in 2019 translated into the obligation for the EU's seven-year budget to finance sustainability actions, turning greening into an opportunity and not only a challenge. As our societies finally shed some of the many limitations that were set in COVID-19 times, greening has become a lifeline out of the pandemic, with one third of the EUR 1.8 trillion investments from the Next Generation EU Recovery Plan³² ready to be invested in sustainable projects.

The members of this OMC group recognise that reducing carbon emissions in the audiovisual sector implies rethinking not only production, but also the way of working together for the whole sector, from the creation of a work through to post-production. This is particularly relevant for European co-productions. It is also a rationale for experimenting with new technologies, such as virtual production.

The MEDIA programme will pay utmost attention to developments in the field of sustainability, to identify and incentivise positive behaviours. In this perspective, a structured dialogue dedicated to the greening of the audiovisual value chain was launched by the Commission on 30 June 2021. It focused on the subjects of carbon emission measurement and labels for green production. Currently, several positive initiatives on both emission measurement and green labels have been developed across Europe. However, the lack of common standards, both on emissions and labels, does not allow comparability, and could hinder the development of international projects, such as European co-productions, if measurement of carbon impact were to become compulsory.

The fields of work opened up in order to develop a unified measurement system and a green label at European level hold the power to boost green production and to initiate a virtuous circle. The first concrete results of this group are expected in 2022.

³² https://ec.europa.eu/info/strategy/recovery-plan-europe_en



Conclusion

Ten recommendations for stronger European co-productions

The following recommendations emerged from the discussions of this OMC group and are addressed to policy-makers, key players and creatives in the audiovisual sector. Overall, they show how co-productions have the potential to make a special contribution by helping the sector address the combined challenges of the digital revolution, the COVID-19 crisis and the greening of the audiovisual sector.

A. Recommendations for producers

1. Dream big and scale up to the European market

As European co-productions rely on several partners from different countries, they trigger interest across borders. This is a way to increase the distribution of a given work, be it theatrical or online, and ultimately its audience. Therefore, production companies are encouraged to use co-productions as a launchpad to widen their native market from their original Member State to Europe as a whole.

2. Enhance co-creation within co-productions

Starting cooperation upstream maximises the benefits of co-producing. To mean more than just pooling financial resources, co-productions imply co-creation. Relying on several producers reinforces the quality of the project, as it brings together the expertise of different producer profiles as well as of the different end-of-chain operators, such as broadcasters and streaming platforms. Collective writing boosts creativity and co-creation, which is the essence of European co-productions. Therefore, to maximise the benefit of co-producing, producers and authors are encouraged to develop contacts and to collaborate as early as the very preliminary stages of projects (conception, writing).

3. Nurture talents

Talents are the foundation stones of European co-productions. Whether in front of or behind the camera, they benefit from and sustain the international career of a co-production. Production companies are those best placed to ensure that experience acquired from co-productions is shared among their staff and talents, to enable them to grow professionally and to think of Europe as their natural playground. Therefore, production companies are encouraged to use co-productions to develop talents at the European level and contribute to the strengthening, (re)positioning and consolidation of the European market.



4. Develop international skills

Developing their network internationally is important for all professionals (producer, writer, director, cast, crew) if they are to feel comfortable with different working cultures, to open up to international job opportunities, and ultimately develop a genuine co-production mindset. International training schemes are particularly fit for this purpose. Whether they are dedicated to co-production or not, they are a unique way to liaise with professionals from other countries and become privileged co-production partners. European networks of professionals also enable best practice sharing, which in turn facilitates working together. Creative Europe MEDIA supports the development of talents and skills among professionals. Professionals are encouraged to take initiatives and responsibility in developing their international skills and European networks.

B. Recommendations for film funds

5. Open up further to boost co-productions

The COVID-19 crisis has hit the audiovisual sector hard and co-productions are an opportunity to recover and build the future together. This is also an opportunity for film funds to assess and if necessary adjust their support to co-productions and move towards more open requirements focused on the work's contribution to the sector. Film funds are invited to increase incentives for co-productions, whether they are majority or minority, in three ways: first, by pushing dedicated envelopes for co-productions in order to secure continuity in support; second, by extending the support for co-productions to the script development stage, since the value of starting to work together as early as possible has been established and should in turn translate into possible support to co-producers to enable them to co-develop, and third, by offering support to professionals to take part in international training programmes.

6. Align to avoid incompatibilities

Co-productions are complex vehicles to drive. Producers sometimes struggle to identify the relevant schemes to support their co-productions. More transparency about the different schemes (e.g. making information on schemes available in English) and clarity as to the granting criteria are needed to facilitate co-productions at European level. Online tools should be developed to give clear and simple publicly accessible information and guidance to professionals. Certain support schemes, including some on a regional or local level, as well as fiscal incentives, require extensive national participation in the supported works, such as days of filming, members of the cast or crew and national expenses. However, these requirements may be hard to combine and hence become less effective and efficient. Moreover, requirements related to national expenditures may also demonstrate limitations when faced with the intensification of the digital transition, the public health crisis and the greening of audiovisual. Film funds are encouraged to streamline their conditions and to ease spending obligations to increase the chances of supporting works that are likely to act as locomotives for the sector and in addition to reduce the administrative burden for producers.

7. Play IP as a team

Currently, there is a lack of fair deal structures, i.e. platforms oriented towards rights ownership in the long run versus independent producers having to sell their content and exploitation rights to stay afloat in the short run despite their interest in IP retention in the long run. This is exacerbated by differences in the players' negotiating power. However, fair deals benefit the European audiovisual industry as a whole, as ownership of rights that can be exploited is instrumental in enabling independent producers to grow and in boosting the diversity of the cinematographic works and TV series developed and created. Therefore, public support, in particular selective aid, can structure the sector by incentivising fair deals and reserving support to works produced by independent producers keeping a certain share of rights. To do so, public support schemes should in their selection process take into account IP and exploitation rights arrangements between the different partners.



C. Recommendations addressed to all public and private players

8. Innovate

Joining forces also creates an opportunity to try new approaches. On the financial side, different instruments are available, such as the Cultural and Creative Sector Guarantee Facility. On societal challenges, such as sustainability, the audiovisual industry has a specific responsibility to take the lead due to its power to influence attitudes. On the technological side, co-productions can experiment with new techniques, such as immersive or virtual production. Co-productions are an opportunity to innovate. It is up to the professionals to be bold and to film funds to accompany them in this process.

9. Expand the use of data

Production companies, authors and relevant public authorities have an interest in accessing the data on the performance of the co-produced work, so that they get to know their audience better. This can feed into future works. The film funds and public authorities also have an interest in knowing the performance of the works they invest in. Therefore, viewing data is a powerful tool to support European ambitions. In this perspective, data on co-productions should be collected, shared and analysed across the value chain, including VOD services' (viewing) data.

10. Ensure the diversity of co-productions as a key asset of Europe's audiovisual industry at all times

To ensure the competitiveness of Europe as a whole in the long run, it is critical to boost the diversity of works by not only involving independent producers, talents, funds and other key players in high production capacity territories, but also those in smaller territories, less spoken language areas as well as from other minorities and voices from under-represented groups to ensure their access to funding. Since independent co-productions have proven to be the driving force for diversity, their position should be strengthened, clarified and respected in order to level the playing field which both cinematographic works and TV series need in order to blossom. Independent producers and independent production companies should enjoy fair contractual terms and clarification of the definition of independence for co-productions vis-à-vis all end-of-chain operators, including broadcasters and VOD services.



Postscript

The way forward

by Lucia Recalde,

Head of Unit - Audiovisual Industry and Media Support Programmes
European Commission.

The COVID-19 pandemic has affected Europe's audiovisual ecosystem profoundly by accelerating underlying trends, such as the shift of audiences online, and by putting the spotlight on challenges facing the industry, such as unprecedented global competition. However this crisis can also be an opportunity for us Europeans to come together and ensure the resilience of our audiovisual industry in a changing world.

Our strategy is structured around two pillars: a modern regulatory framework, which supports the creative sector and protects European consumers, and a financial framework that supports the recovery and transformation of the industry.

The recent audiovisual and copyright reforms introduce a number of requirements applying to online content-sharing platforms and VOD providers with the view to creating a level playing field. The transposition and effective implementation of these new rules by the Member States is fundamental in order to reinforce the position of European creators and creative industries.

The Commission's *Media and Audiovisual Action Plan*³³ adopted in December 2020 proposes a comprehensive set of measures to support the European audiovisual industry. Our ambition was made possible by the adoption of Next Generation EU and a reinforced EU budget for the period 2021-2027. The Plan stresses the importance of reaching sufficient scale to go beyond national borders and pooling resources in talents, content, distribution, promotion, innovation and technology to thrive in an increasingly competitive market. We welcome the fact that several Member States have responded to the Commission call and included the audiovisual sector as a priority in their national recovery plans. This represents an unprecedented opportunity to invest in strengthening the competitiveness of the industry.

The Commission is making good progress in delivering the concrete actions foreseen in the *Media and Audiovisual Action Plan*. We are now focused on the preparations for launching Media Invest, an innovative equity investment platform, which is being developed in the framework of the EU's new financial instrument InvestEU. Media Invest will be dedicated to leveraging private equity investment in audiovisual by reducing the risks associated with investments in film production and distribution.

We have also launched a dialogue with the audiovisual sector to agree on concrete steps to improve the access to and availability of audiovisual content across the EU. In this context, we will explore pragmatic solutions which would make audiovisual works more widely available to citizens across Member States and, at the same time, help the European audiovisual industry reach broader audiences.



Lucia Recalde

³³ *Europe's Media in the Digital Decade: An Action Plan to Support Recovery and Transformation*, op. cit.



With an estimated budget of EUR 400 million over the current seven-year financial cycle (2021-2027), Media Invest will complement traditional grant-based support. It aims to pool more ambitious budgets for content with strong market potential, thereby increasing its attractiveness for international audiences. We are on track to launch Media Invest already by early 2023, with kickstart funding from Creative Europe and InvestEU.

Among the challenges faced by the audiovisual sector, the necessity to green the value chain deserves all our attention. Audiovisual can make a real contribution to the EU Green Deal and at the same time develop new production and business models. For example, we see interesting convergence between the need to reduce carbon emissions and recent technological developments such as virtual production. At the Commission we intend to develop a common European approach, building on the great initiatives and best practices developed by the industry and Member States so far. A common approach will help foster collaboration, notably as regards co-productions, and increase our impact.

More broadly, the Creative Europe MEDIA programme is one of the key funding sources for the audiovisual sector. The new budget of almost EUR 1.5 billion represents an increase of over 80% on an EU-27 basis. This is not only a sign of its relevance in supporting recovery but also a recognition of its success in fostering collaboration and innovation across borders.

The renewed MEDIA programme is in business. The first Work Programme was adopted in May 2021 and a number of calls for proposals have been launched. We have built on the strengths of MEDIA, in particular by strengthening structured collaboration. We are targeting the development of co-productions in order to help ambitious projects from the beginning. Our vision is to increase the diversity of co-productions, to draw on the wealth of our European talents and push the boundaries of what is possible. From films to TV series, it is more important than ever to produce high quality content in order to reach audiences. Other MEDIA initiatives on collaboration include supporting networks of VOD platforms and festivals to raise the visibility of European works.

As said by European Commissioner for the Internal Market, Thierry Breton, in his speech at the 2021 edition of Series Mania, our ultimate goal is to *“help audiovisual companies see the European Union more and more no longer as a collection of secondary or possible export territories, but as the natural framework for the creation, production and distribution activities of their works.”*³⁴

34 «Avec notre plan d'action, je voudrais que les entreprises audiovisuelles voient de plus en plus en l'Union européenne, non plus des territoires d'exportation secondaires ou éventuels, mais le cadre naturel de leurs activités de création, de production et de distribution de leurs œuvres.» Speech by Commissioner Breton at Series Mania on 31 August 2021. <https://www.linkedin.com/pulse/audiovisuel-au-c%C5%93ur-de-la-relance-europ%C3%A9enne-thierry-breton/?published=t>



List of OMC group members

Chair: Netherlands, Doreen Boonekamp

Vice-chair: Romania, Alex Trăilă

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