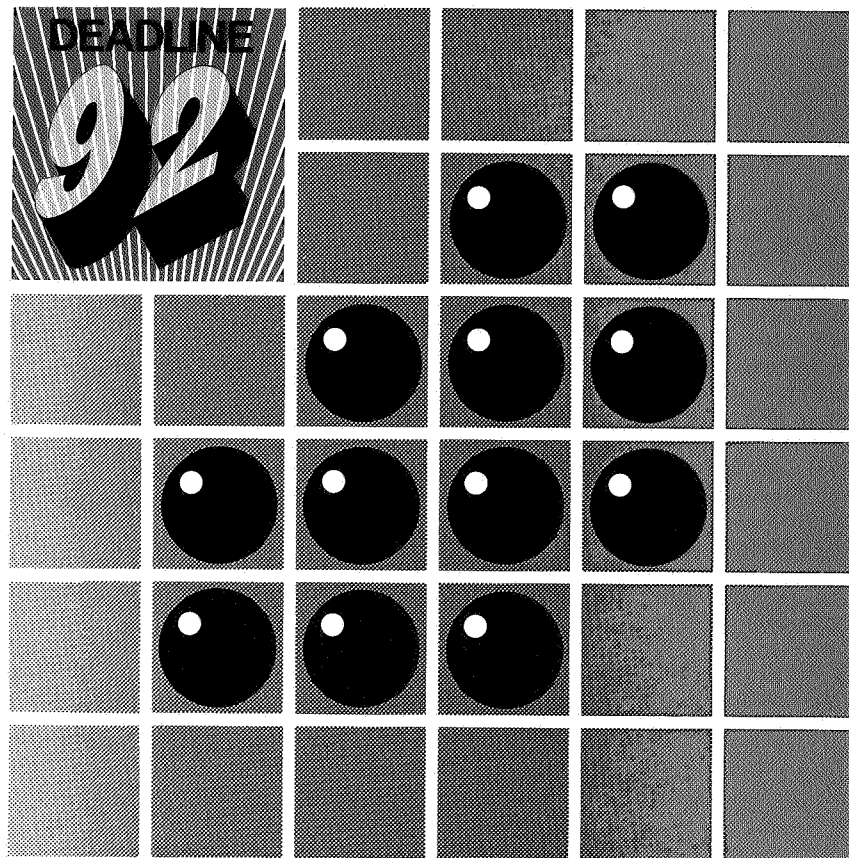


THE AUDIO-VISUAL MEDIA IN THE SINGLE EUROPEAN MARKET



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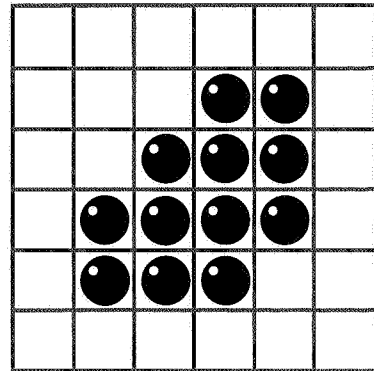


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The audio-visual media, which have become a dominant feature of modern life in recent years, are in the process of becoming a European matter too — although television and the film industry in European countries emerged and grew in an essentially national framework.

The prospect of a Europe without frontiers, to be achieved by means of a single market for the European Community, will open up the audio-visual sector. The process is already being fostered by the speedy growth of production and broadcasting technologies, which are no respecters of national frontiers.

This brochure shows how the audio-visual sector is evolving and illustrates the need for its integration into the single market of 1992. It covers both the technological, economic and cultural aspects of the process.



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Contents

Introduction: what the 1992 objective means for the audio-visual sector in the European Community	5
I — Effervescence in the audio-visual sector of the EC: existing situation and future projects	9
Television: new spaces and new technology	9
Transmissions: from earth to the cosmos	10
Channels: moving from the public to the private sector and from the national to the European level	17
Programmes: news, advertising, fiction and the rest	22
Cinema: from the big screen to the small screen	24
Drop in box-office receipts and competition by other media	24
The situation of European film production, coproductions and new technologies	26
Nationalism and film distribution in the European Community	27
Video: an expanding market but not devoid of problems	28
Strong competition for the other audio-visual media	29
Audio-visual piracy	30
The problem of standards	31
II — Hopes and first steps of a European audio-visual policy	33
On the way to a common market for the audio-visual sector	34
The audio-visual sector and free circulation in the context of the single market	35
Technical requirements of the single market	41
The need to overcome linguistic obstacles and national customs	44
What future for the audio-visual media in a Europe without frontiers?	46
For a more competitive European industry	46
Towards a European cultural dimension for the audio-visual media	49
Conclusion: the audio-visual media and the European identity	51
Further reading	53

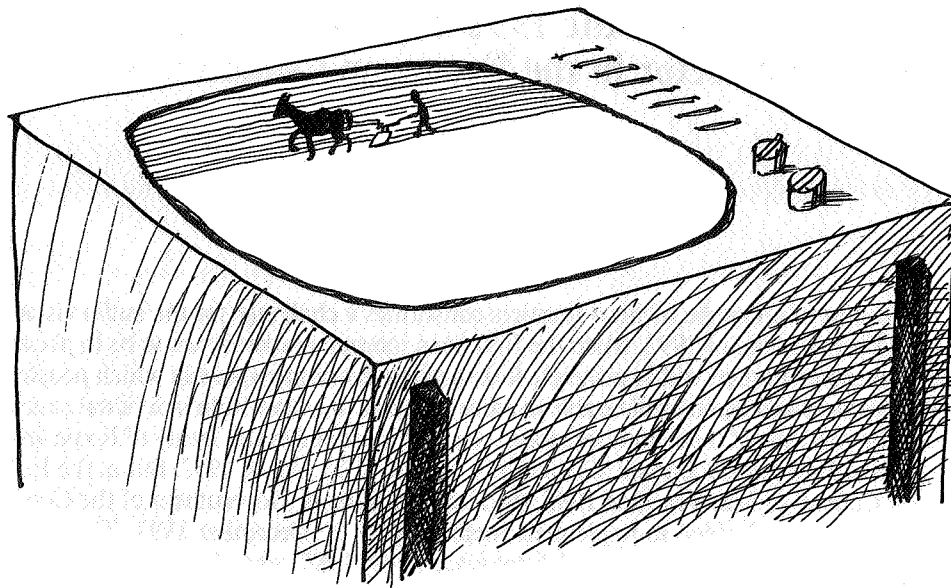
Introduction: what the 1992 objective means for the audio-visual sector in the European Community

The prospect of a Europe without frontiers constitutes a challenge for the audio-visual media. From the end of 1992, when the European internal market is due to be in place, the 12-member Europe will in principle form a single economic space in which people, goods, services and capital will be able to move freely, as they do within individual countries. The principle of these 'four freedoms' was first inscribed in the Treaty of Rome setting up the European Economic Community, signed on 25 March 1957. But at the European Council of Milan in June 1985, the Heads of State or Government of the Community countries decided to implement them fully by 31 December 1992. The 1992 objective has acquired 'constitutional' force since 1 July 1987, when it was set out in the Single European Act, the text reforming the Treaties whereby the Community was first established, and it has been in force since that date. Politically the single market is currently the Community institutions' top priority.

The lifting of frontiers due to be achieved by the single European market will affect all parts of the economy; in the audio-visual sector however it represents a special kind of challenge, for the film and television industries of EC member countries have all developed in an essentially national, if not State framework. For a long time, the audio-visual media were less receptive than other sectors to the European dimension: so far, a whole series of restrictive national measures and, in some cases, nationalist reflexes have caused them to remain very largely the preserve of national States. The cultural aspect of the sector has also contributed to the preservation of national partitioning, in so far as film or television production is seen as a part of the national identity.

More recently however, the speedy development of production and especially of broadcasting technology has led to growing internationalization of the sector, a process that has even spread beyond the frontiers of the Community. Technological change has already caused significant modifications in the audio-visual landscape of the European Community countries. Clearly the lifting of national frontiers due to take place as part of the 1992 objective is bound to enhance the process: it will provide the creative elements and industrialists of Europe with a new framework and new scope.

The audio-visual sector lies at the intersection of culture, economics and high technology, and the advent of the single market will offer great new opportunities to producers and consumers in these different fields, which anyway are closely linked.



At the economic level, the increased scale created by the existence of a single market of over 320 million inhabitants will give producers of audio-visual products far bigger outlets than they enjoy at present. As a result, investment in the sector will become more profitable, and the professionals concerned will be less reluctant to embark on ambitious projects.

At the technological level, a Europe without frontiers will enable professionals and consumers alike to enjoy the full benefit of advanced systems already in existence, such as broadcasting by satellite, and of systems currently in the pipeline such as high-definition television, which will give television viewers the same picture quality as is available in cinemas and the same sound quality as provided by compact discs. The existence of a single market will stimulate the invention and production of ultra-modern equipment.

At the cultural level, a market on the scale of the 12-member Europe will promote exchanges between countries and between regions, giving the public a wider choice of programmes.

In all three fields, the existence of a single market will foster new dynamism among professional creators, producers and broadcasters, and this will be felt not only inside the Community but beyond its borders too. For in this way the Europeans will have opportunities to increase their competitiveness and their influence at the global level.

But in this field as in others, nothing will come about automatically. If the audio-visual sector does not want to miss the opportunities afforded by a Europe without frontiers, then on the one hand the Twelve must introduce specific measures enabling the sector to achieve a single market, and on the other hand the profession itself must make effective preparations to adapt to new circumstances. In both respects, the European Community as such has a crucial role to play.

In order to turn the audio-visual market into a 'common' market, the European Community must ensure freedom to broadcast and to receive television programmes throughout the whole of the Community, and it must create a common legal framework covering, among other things, advertising and copyright. The European Commission has already formulated the necessary proposals. It remains for the Council of Ministers of the Twelve to adopt them with the least possible delay.

Since technology must keep in step with the law, it is essential that all the Europeans should keep to compatible standards. The relevant decisions have been taken as regards television broadcasting by satellite; for high-definition television, Community experts are preparing a European standard which, it is hoped, could be adopted as a global standard.

A legal and technical framework is meaningful only in relation to the content which it serves, so the creators of television programmes and feature films must be capable of satisfying the needs of audiences of considerable size but diversified as regards their cultural references. In this respect the European Commission proposes that professionals from the 12 Member States should cooperate more closely and that the Community should encourage joint projects which do not develop spontaneously enough.

The truth of the matter is that in order to achieve a European audio-visual space favourable to Community producers and consumers alike, those responsible for the sector — both politicians and professionals — must take coordinated action on all fronts simultaneously, so great is the interdependence between the legal framework, economic circumstances, technical scope and the actual content of the finished product.

The prospect of a Community-wide audio-visual market offers vast potential, the interest of which is not confined to the Europeans. This brochure is an attempt to outline the mutations which the audio-visual media are undergoing in the Member States, as well as the first steps in a Community audio-visual policy which is being introduced in order to meet the objective of 1992.

I — Effervescence in the audio-visual sector of the EC: existing situation and future projects

With the introduction of Europe's first direct broadcasting satellites in the latter part of the 1980s, the Community countries are moving on from a situation in which the vast majority of television broadcasts were controlled from earth, to a situation where programmes can be received directly from the skies. This change, which will have a major impact on the Community of the Twelve in the process of economic unification, is taking place in a context fertile in inventions and in new initiatives both at the technical and the economic level. In the remaining years leading up to the 1992 deadline, there is great effervescence among the audio-visual media in the European Community countries.

All parts of the audio-visual sector are affected by the changes taking place, cinema and video as well as television, and competition between the different audio-visual media is intensifying. In each area, technological developments are leading to growing internationalization of financing, of production and of audiences. Henceforth the market for equipment, programmes and films covers the whole of the western world.

However, while pictures are being transmitted more and more swiftly, and over greater distances, the Member States of the European Community are maintaining practices and regulations that keep up barriers and restrictions of every kind; in the European Community, the audio-visual market is less 'common' than that for oranges or skiing equipment.

The audio-visual sector in the Europe of the Twelve, which is lacking neither in great artists nor in technical creativity, is still hamstrung by the traditional drawback of partitioning and national reflexes: high production costs and, in many cases, insecure funding and outlets.

Let us now look successively at the situation in each of the three main branches of the audio-visual sector: television, films and video.

Television: new spaces and new technology

In the Member States of the European Community, the small screen has been in a state of quasi-permanent revolution since the early 1980s. The emergence of new broadcasting techniques has modified the old rules and has led to the creation of new channels, new

programmes, new services. Cable TV, local channels and telecommunications satellites were the first to spark off changes.

Some 20 highly diverse programmes are already being broadcast to the whole of Europe, from the polar circle to North Africa and from Portugal to the Balkans, by telecommunications satellites: although reception of these programmes still depends on cable relays or on large and costly antennas — such as can be installed by large hotels or residential blocks — they are already attracting some 15 million viewers.

But the major upheaval occurred more recently, with the arrival of direct broadcasting satellites, which are capable of demolishing audio-visual frontiers between European countries. These changes, the full impact of which has yet to be felt, will shortly be followed by others, such as the introduction of high-definition television (HDTV) providing a greatly improved quality of picture and sound.

Against this background, the well-nigh classical European concept of public national television channels, each enjoying the monopoly in their home countries, is open to fundamental review. The public sector is having to give way to private enterprise and the national to the international approach — essentially European in this case. At the same time, new types of channels are being set up, including pay-TV channels.

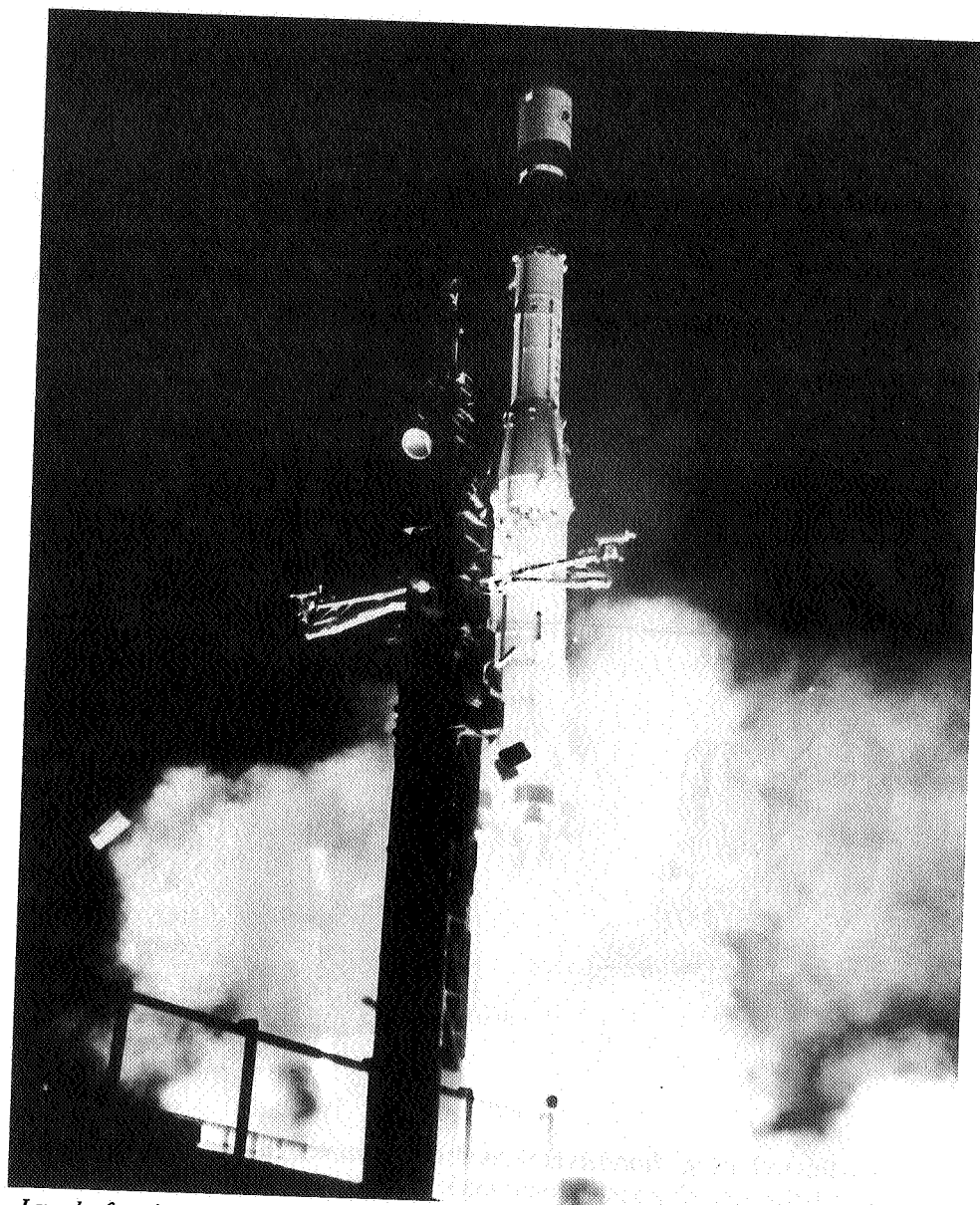
Changes on this scale are bound to affect programmes themselves. The transformation of broadcasting technology modifies the composition and size of audiences as well as the conditions in which channels and programmes compete with each other. Advertising gains added-weight and assumes new forms, some of them more or less indirect such as sponsorship or tele-shopping.¹ But above all, the new multiplicity of technical systems is creating considerable scope for new programmes, and that constitutes a gigantic challenge for the profession in Europe. At the same time there is a problem as to the rules to be applied to programme content: until now these have been national rules, but in practice they are losing effectiveness. What should be done to replace them, or how could they be inserted into a framework corresponding to new broadcasting practice and technology?

Transmissions, channels, programmes: all of them are in a state of flux, and all of them constitute a challenge to Europeans.

Transmissions: from earth to the cosmos

For many years, television in Europe remained a purely national matter, since existing technology only allowed for earth-based transmissions: consequently national govern-

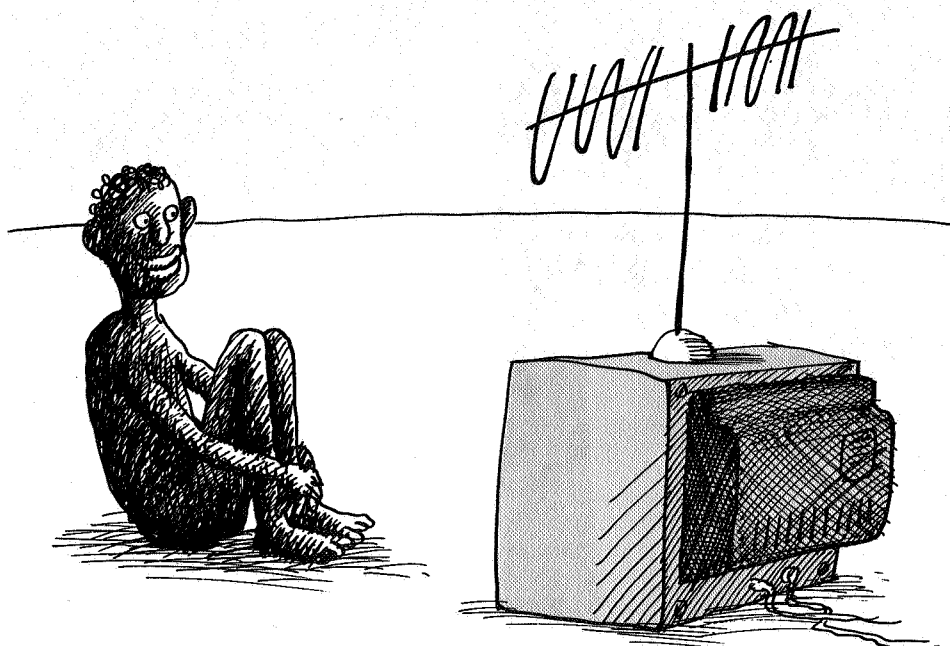
¹ 'Tele-shopping' is a new sales technique by which new, original or unusual products are presented during a programme on a television channel. Viewers may order the goods immediately, via their Minitel (mini-computer linked to the television set by a public telecommunications network). This kind of broadcast is found in France.



Launch of an Ariane rocket. The launch of television satellites gives wings to television programmes and considerably extends their broadcasting area.

ments could, if they wished, maintain complete control over broadcasting taking place from their territory, and in many cases the existing channels enjoyed a monopoly in their home country. In some cases too, the national authorities did not hesitate to use, or even abuse, this power.

At present, there is a technology which enables any European viewer to tune in to programmes of various origins, taken from the sky. All the viewer has to do is purchase a special parabolic antenna of a diameter of some 50 cm to 1 metre, at a cost of approximately 500 ECU; this price does not put direct broadcasting by satellite within reach of all Europeans, but it is already accessible to a good many of them.



Thanks to this technology, frontiers are erased: one example of the new television would be of a Dutchman watching a programme made in Britain and carried by a Luxembourg satellite.

Europe's first direct broadcasting satellite, the German TV-SAT1, which was placed in orbit on 21 November 1987,¹ was succeeded by TDF1 of France. Future launches will

¹ Technical difficulties which have cropped up with this satellite have prevented its entry into service.

include TV-SAT2, TDF2, Tele-X of Sweden, the European Olympus of the European Space Agency,¹ and BBS of the UK, which will perhaps be coupled with Italsat of Italy, each of them fitted with two to four television channels.

To these highly powerful satellites should be added the so-called 'hybrids', such as the Luxembourg Astra, a satellite planned by the Irish and a project being studied by Eutelsat:² these are satellites whose transmissions, thanks to progress made in the area of antennas, will be received by equipment little heavier than that needed for direct broadcasting satellites.

The fact that more and more Europeans will be able to receive transmissions from other countries than their own, without direct or indirect intervention by their national government or by the regional or local authorities, will entail radical changes in the practice of television producers and broadcasters, as well as advertisers. You cannot use the same approach for a national audience of 50 million as you would for 100, 200 or 300 million potential viewers living in several countries and speaking different languages. Through technology, direct broadcasting satellites are creating a *de facto* European market for television.

It is expected that towards the end of 1992 - the target date for the European internal market — some 10 to 12 direct broadcasting satellites will be able to cover all or part of the European Community as well as a number of neighbouring countries.

In practice all the existing or projected satellites intended for the transmission of television programmes in Europe, may be described as 'European' in one way or other.

In the first place, all these satellites cover areas spilling across the borders of any single country; in the second place, several of these satellites provide or will provide television programmes originating from different European countries. Lastly, these satellites use technologies and/or finance obtained by pooling the resources of more than one country. That is another instance of the way in which these new broadcasting tools help to foster the internal market. Europe's first two direct broadcasting satellites, the German TV-SAT1 and the French TDF1, are identical technically, having been developed jointly by firms from both sides of the Rhine specializing in television and aerospace technology. This powerful type of satellite requires enormous investments, which explains why the first two units put into service are administrated by national public bodies, i.e. by States.

The competition between television satellites is likely to be tough. The hybrid satellites mentioned above, which are less powerful and cost less, may nevertheless offer comparable service, with a far larger number of channels — 16 to 20 against a maximum of five for direct broadcasting satellites.

¹ The European Space Agency (ESA) consists of 13 countries of western Europe.

² Eutelsat is the PTT organization which manages the European telecommunications satellite system.

The enhanced technical transmitting capacity and internationalization have already introduced a new form of competition and have set off the process of internationalization both of broadcasting and reception of programmes. Close on 20 channels are already being beamed at European TV sets by communication or distribution satellites which do not broadcast to viewers direct but through the intermediary of a television distributor or a community: these have the appropriate receiving equipment and in turn distribute the programmes to their members or subscribers, mostly via a cable network.

Communications satellites have been serving western Europe since the beginning of the 1980s. Throughout the world, most of the existing or projected satellites of this kind depend either on Eutelsat (the PTT arm of western Europe) or Intelsat, an organization serving the non-Communist world as a whole.

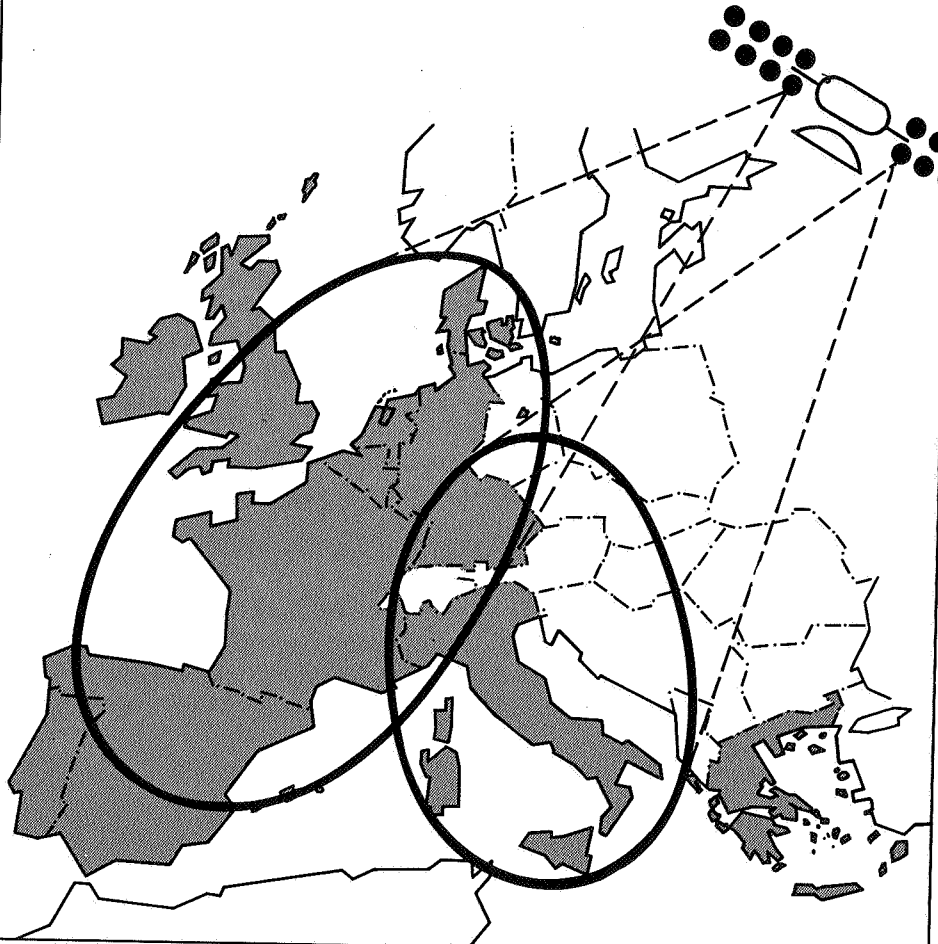
The combination of broadcasting by communications satellite and distribution of television programmes by cable has already been instrumental in giving the television screens in several countries or regions of the Community a more European and even international flavour. For example in Belgium, the most intensively cabled country in the Community, subscribers to the television distribution network are able to receive programmes from seven European countries, on between 15 to 20 channels, or even more, depending on the region. The cable network serves approximately 85% of the population. In the Netherlands too a large portion of the population is able to tune in to the cable network, as is the case in some urban areas in larger Community countries such as France and the Federal Republic of Germany.

However, the existence and growth of the cable networks, and especially their ability to transmit programmes originating in other countries, are often subject to the goodwill of the relevant national or regional authorities. In itself, the communications satellite/cable technology is unable to bring frontiers down. National regulations as to programme content are still able to impede broadcasting from one European country to another.

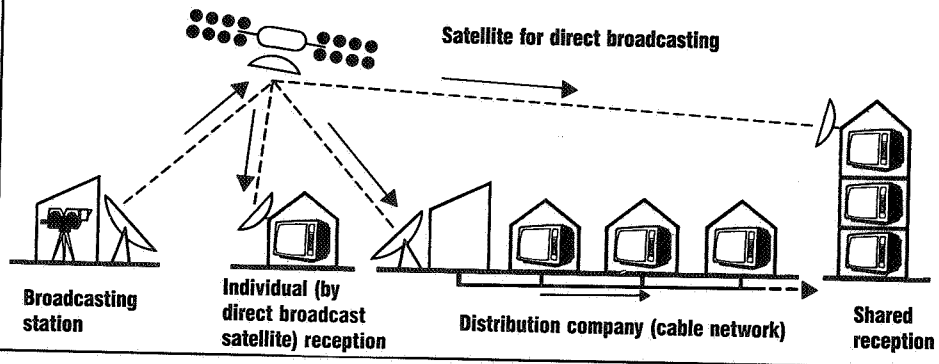
Even so, the combination of different types of satellites and cable networks greatly enhances the technical scope for transmission, and the effect of this is to stimulate demand. It is expected that towards the middle of the 1990s European satellites — be they communications or direct broadcasting satellites — will be able to provide between 100 and 200 channels for the transmission of television programmes.

New technologies require the introduction of new standards. The extensive technical changes which have occurred in television in the past few years and those already on the horizon constitute a real challenge for Europeans, not only as regards the production of new equipment but also as regards the standards to be adopted for the emerging technical processes. In the second half of the 1960s, when they had to choose a standard for the newly developed colour television, the members of the Community had been unable to agree: the French developed their own Secam system, while the Germans developed the PAL standard, based on American standards and adopted by the other members of what

1. Approximate reception areas for the two channels from the European direct broadcast satellite Olympus (to be put into orbit in 1989 by the Ariane rocket)



2. Reception chain for satellite television programmes



was then a six-nation Community. The result was to split the European television market, manufacturers of receiving sets having to offer PAL sets, Secam sets and multistandard sets, depending on the country of destination; this meant increased costs, and difficulties for Europeans moving from one Community country to another.

For years the members of the present Europe of the Twelve have had to cope with this split, which has not yet been affected by the introduction of transmission by communications satellite and by cable. The arrival of direct broadcasting by satellite provides scope for change in so far as it implies the use of different standards than the earlier method of transmission.

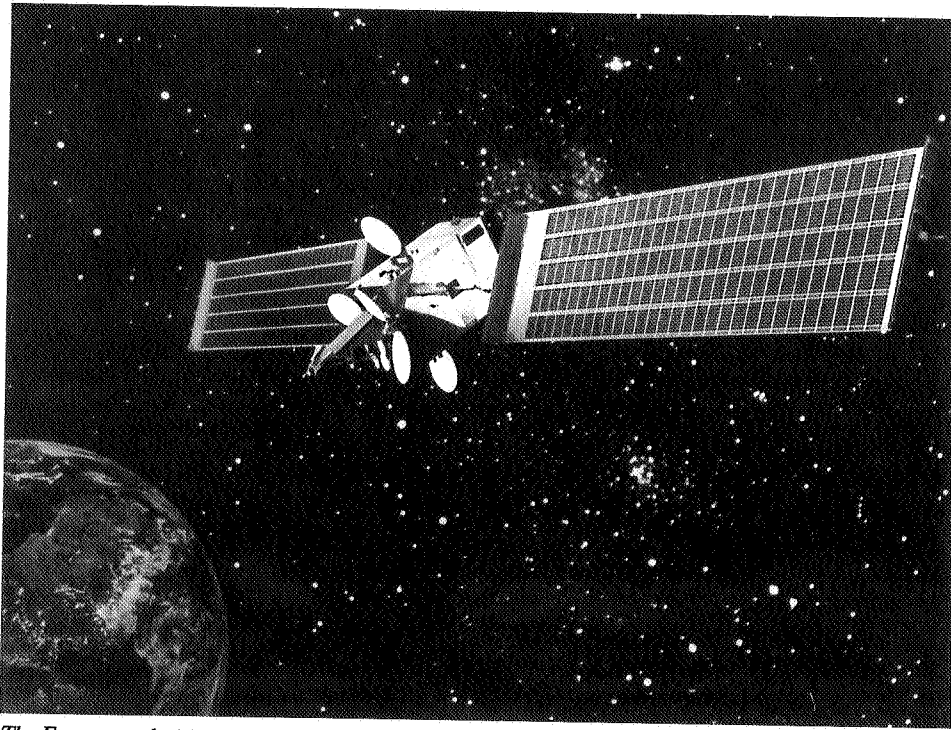
In effect, direct broadcasting by satellite may entail the use of technical processes applying both to transmission by means of the satellite, and to programme reception by means of an antenna or of the television set itself. Contrary to what happened when colour television was first introduced, Europe now realizes how important it is to adopt technical transmission standards which are compatible throughout the continent.

Therefore, on 6 November 1986, the European Community adopted a Directive¹ obliging all member countries to adopt the advanced technical standards of the MAC-packet family for their future television transmissions by satellite.

Obviously the adoption of a common standard enables Europeans to benefit unrestrictedly from the advantages of direct broadcasting by satellite: if all television viewers in the 12 Member States are able to receive programmes relayed by every satellite serving their geographical area, without having to add costly adaptors to their sets, television without frontiers becomes a reality. The existence of different transmission standards in Europe would have diminished the progress to be reaped from the new satellites in orbit. Moreover, the choice of common standards for direct broadcasting by satellite has a political dimension in so far as it becomes systematic and is couched as a Community regulation (see Part II).

The next major technical innovation in the pipeline, high-definition television (HDTV), is no less of a challenge to European industry as far as standards are concerned, than direct broadcasting by satellite. By the middle of the 1990s television should be able to offer a picture quality comparable to that of recent films made for the cinema screen and projected in good theatres, with a quality of sound equal to that of compact discs. Like direct broadcasting by satellite, HDTV requires the definition of specific standards. Here too European experts in this technology are preparing the future together so as to resist strong competition from Japan; and here again the problem has a political dimension, this time on a global scale (see Part II). It should be noted that the standard which European experts are proposing for HDTV represents a later stage in the evolution of the

¹ Council Directive on the adoption of common technical specifications of the MAC-packet family of standards for direct satellite television broadcasting: OJ L 311, 6.11.1986.



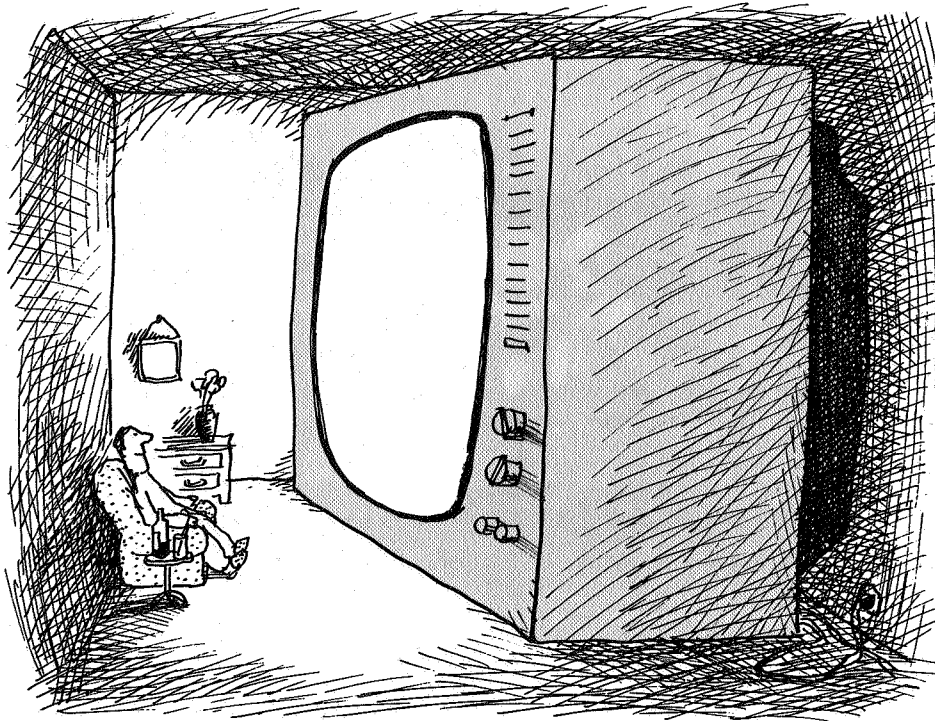
The European television satellite Olympus, whose launch is expected to take place in 1989. Its broadcasting area will cover almost the whole of the European Community.

MAC-packet family; consequently transmissions made and relayed in accordance with this standard could be received on a set of the MAC-packet type.

Channels: moving from the public to the private sector and from the national to the European level

For several decades, European television viewers were limited to national public service channels, not dissimilar to national railway companies or the PTT. These stations, dependent as they were on a national public body controlled more or less directly by the government of the country concerned, enjoyed the broadcasting monopoly in the territory of that country. Numbering some three or four per country, each of these stations provided a complete programme grid and only served the national territory.

This concept and structure of television have not disappeared from the countries of the European Community, but they are losing more and more ground, especially since the



start of the 1980s, due to combined pressure by the new technologies, by the needs of advertisers and by the internationalization of the economy and culture.

'Official' national stations are still in existence in the European Community. They are members of the European Broadcasting Union (EBU) which also includes similar stations from other countries of western Europe. The EBU organizes cooperation between national channels, notably the Eurovision projects.

For a long time this group of public service channels has included one notable exception: the 'Compagnie luxembourgeoise de télévision' (CLT) which operates RTL. By means of a commercial channel this private company operates the national public service channel of Luxembourg, acting at the same time as a peripheral television station in neighbouring countries. A second station of this kind was created recently through the privatization of the French channel TF1. From the very beginning these public service channels have used conventional broadcasting techniques, transmitting from earth; but now some of them are relayed by satellite.

Some 12 private channels, almost all commercial, have now joined the public service channels. Starting with the regional stations which constitute the 'third channel' of the United Kingdom, ITV, up to the recent channels which are of British origin but are intended for multinational audiences, and including numerous Italian channels, private television can no longer be seen as a marginal phenomenon; it already covers more than half of the European Community countries, and numerous schemes are being set up to create new private stations or to extend existing channels.

As we have seen, at the European level these channels have emerged thanks to cable transmissions via communications satellites. But that is not the case for private Italian channels, which use local transmitters, nor for ITV and Channel 4 in the United Kingdom, which broadcast to their home countries using conventional techniques. However, in order to flow across their national frontiers, they all use the satellite/cable combination.

Among public service channels, however, the first example of this approach comes from RAI of Italy which, for almost two years, has been transmitting the whole of its first programme by Eutelsat satellite. From there, the programme is distributed by the cable networks of Belgium, the Netherlands, Switzerland, Germany and Luxembourg. In addition, special French and German-language programmes are transmitted by the satellite channels TV5 and 3SAT, which are also public service channels.

The emergence and development of private channels in Europe is due largely to economic factors and this in turn affects the evolution of private television as well as the — national or European — framework in which it can grow. In the days of the public service monopoly, advertisers were unable to find enough outlets in the existing channels and the advertising departments of public service stations had to refuse many applications. The demand can now be met thanks to the growth of private channels. Moreover, private commercial channels are operated in accordance with criteria of profitability, which is not the case for public service channels. Increasingly this economic constraint is causing the operators of private channels to organize at the European rather than the purely national level. This has resulted in a growing number of coproductions between partners from several European countries, in the production of some programmes in those European countries where costs are lower, and in various agreements between private European audio-visual groups.

In this way, pressure by the market and by competition, which were ignored by the public television monopoly, are causing enterprises in the sector to adopt a European strategy.

At the same time as the arrival of new technologies has fostered the growth of new television channels in Europe, it has also allowed for the transmission here of channels from other parts of the world — as well as the transmission of European programmes elsewhere.

The American station CNN (Cable News Network) has since the end of 1986 been transmitting news around the clock to communities equipped with the appropriate dish antennas: enterprises, national authorities, hotels, press agencies, etc., as well as the European Broadcasting Union. The official news channel of the US administration, Worldnet, has begun transmitting in Europe via US embassies on this side of the Atlantic.

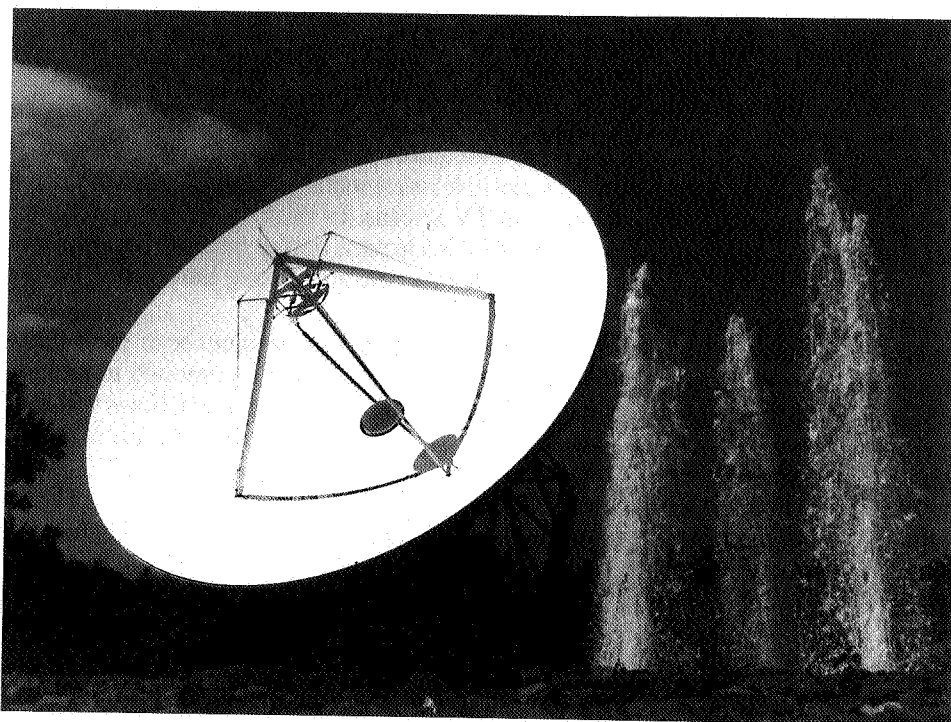
These two channels, beamed at Europe by Intelsat satellites, are intended for inclusion in European cable networks. CNN therefore has begun to reach the average European viewer via conventional cable networks, and can already be received in some regions.

This shows that the competition between television channels is growing daily, and on a world scale. The Europeans for their part are already beaming programmes at Canada: TV5, the French-language Franco-Belgo-Swiss-Quebec station set up by public service organizations, is relayed by satellite.

Against this background, thought has been given for several years to the idea of a truly European television channel. Moving on from cooperation and production agreements and from joint programme achievements, various European authorities feel the need for a channel whose programmes would be devised by Europeans of different nationalities for multinational European audiences. One single experiment of this kind has been attempted and proved a failure: Europa TV set up in the mid-1980s by five national television stations, those of the Netherlands, Ireland, Portugal, Germany and Italy. The reasons for its failure were highly revealing: overall, the national channels belonging to the EBU kept their national reflexes and priorities, and none of them were fully committed to the scheme, notably as regards the financing. Similarly, differences in national legislation, particularly as regards advertising, prevented transmission of the channel in several countries — in some cases the very countries of origin of the television stations taking part in the scheme. Europa TV was short lived, but the idea of a European channel is not dead. An action group for European television (European Television Task Force) consisting of politicians from several European countries, is working actively to promote it and to gain the support of the national authorities concerned.

Another feature of television has changed in recent years: the way in which viewers pay for the service they receive on their screens. In the case of national public service channels, viewers pay a licence fee or tax; subscribers to cable network pay a regular fee giving them access to all the channels carried by the distribution company in their area. In the past few years, pay-television channels have also been set up: they can be received only by means of a decoder and against payment of a subscription fee; in this case the client pays for access to a single channel, not to a network as is the case with the cable.

The foregoing shows that many of the changes currently taking place in the television sector in Europe bring into question the traditional concept of a television station which, on a daily basis, offers a choice of programmes including news, fiction, sports, etc. including some programmes which it has produced itself. Nowadays there are channels



Antenna of the telecommunications centre at Lessive, in Belgium: new technologies know no frontiers.

which only transmit a selection of programmes already shown on conventional stations — or in cinemas, channels specializing in news, music, sport or other subjects, and other channels still — sometimes the same ones — which transmit the same programme several times a day, e.g. in periods of 6 or 12 hours. In addition, transmission by satellite — either telecommunications or direct broadcasting satellite — enables two or more stations wholly independent of each other to share a single channel using only those periods which interest them: a channel with children's programmes could use the morning and afternoon periods, while a channel specializing in adult films or cultural programmes could use the evening periods; the only thing these two or three channels have in common is the geographical area they reach by means of the satellite.

Clearly these various changes also affect a matter that is of primary interest to television viewers: the programmes themselves.

Programmes: news, advertising, fiction and the rest

More perhaps than in any other area, European television professionals are facing a major challenge as far as programmes are concerned: they have to produce more and better, at lower cost if possible, whereas the diverse and often conflicting national regulations regulate programme content as well as sensitive issues such as the volume of advertising or the competition between cinemas and TV screens. In this context the programme market in the Community is characterized by inadequate output, massive imports from other parts of the world and relatively limited cooperation among Europeans.

With the development of new broadcasting technologies, the number of programme hours transmitted to viewers in Europe will, in a few years, rise enormously to hitherto undreamt of figures. As matters stand at present it is clear that the Europeans will have to make a major effort if they want to benefit to the full from the opportunities arising on their own territory.

It is estimated that by the mid-1990s, owing to the multiplicity of channels (satellites plus cable networks) the total European requirement for fiction programmes and documentaries will be of the order of 125 000 hours per year. Faced with this demand, western Europe's existing production capacity for television and the cinema is less than 20 000 hours per year.

In most Community countries, national programme suppliers still maintain a key position; but at Community level the principal source of programmes — the USA — comes from another continent. The share of American-made programmes in the total number of broadcasting hours of public service channels in the European countries is between 13% and 30%. American products are particularly prominent as far as fiction is concerned: 40% of all telefilms transmitted by public service channels in Europe — counted in the total number of hours — come from the USA; the figure rises to 50% on private channels in Europe, but on these channels it has declined substantially in recent years.

Other non-EC countries also sell their programmes to channels inside the Community: their share in the total programme output lies between 1% and 6%; Japan, which has carved out a market in the field of animated cartoons, would appear to be the most important source.

Other new non-European producers are also developing their global market share, notably Brazil and Australia.

By comparison the share of the leading Community supplier, the United Kingdom, in total European broadcasting time seems very small: 6% in 1982, the last year for which figures are available.

The great advantage which American producers of telefilms and TV series offer to European clients is that they give value for money. For example, a British television channel is able to purchase one hour of an American series for approximately UKL 30 000, whereas producing a similar programme in the UK would come to about UKL 300 000 — 10 times more! This results from the fact that the Americans have built up a real industry with a domestic potential market of over 200 million television viewers. Consequently their product has already paid its way by the time it is offered in the world market. Competition by non-Europeans is growing also in the area of news: the only 24-hour news programme broadcast in Europe comes from the USA.

On this side of the Atlantic private companies have already attempted to work in a European dimension, producing programmes in one Community country with partners from another European country and showing the result in other countries, whenever this makes it possible to reduce costs, improve quality and increase audiences, i.e. achieve improved profitability.

But a programme made in Italy cannot necessarily be shown in Germany, and vice versa. Each Community country has its own regulations governing programme content, and mostly this rules out the showing of 'foreign' programmes that do not meet the said regulations. That, for example, is the reason why the Belgian francophone channel RTBF is not acceptable in France.

National regulations are concerned largely with advertising, the protection of children and competition between the cinema and television. Controls on television advertising range from a total ban on brand advertising to limitation of the amount of advertising time as a share of total output; this share itself may be evaluated per hour or per day of broadcasting. Added to this type of regulation there are others covering specific aspects of advertising: the presentation of alcoholic beverages, of cigarettes, of advertisements aimed at children, etc. There are almost as many variations in the rules as there are European countries, which facilitates neither the transmission of programmes from one country to another nor the creation and sale of Europe-wide TV advertising.

Similarly the protection of children against scenes of violence or pornography is not seen everywhere in the same way.

Another problem is whether or not films made for the cinema should be protected against competition by TV; in France, for example, a film must have been on show in cinemas for a given time before it may be used for television.

Some of these national regulations have been in force for a long time, but others have been introduced at a purely national level in response to specific recent trends in television, such as the sponsorship of programmes by advertisers or the emergence of tele-shopping. Here again, the dispersed reactions of the various national authorities prevents television professionals from organizing at a cross-border level.

Obviously the impact of these national regulations will disappear with the advent of direct broadcasting by satellite; but 300 million Europeans cannot be equipped with special dish aerials in the space of a few months, and meanwhile the regulations covering earth-based or conventional cable broadcasting remain valid.

Cinema: from the big screen to the small screen

The 12 member countries rightly pride themselves on their film output as a considerable cultural achievement. Yet from an economic point of view there is crisis in this sector, which has to contend simultaneously with competition by films from other parts of the world and by the other audio-visual media, television and video. Despite its considerable potential the sector's audiences are declining. Yet the production and especially the distribution of films is still organized on a purely national basis. Moreover, as is the case in other fields of the audio-visual media, the linguistic diversity in Europe further reinforces national barriers, even though the need for profitability and the introduction of modern technologies require the existence of a large market.

Drop in box-office receipts and competition by other media

Ever since television became a mass product in Europe, the cinema has been relegated to second place. From the 1960s onwards especially, the European public became TV viewers rather than cinema audiences. It is this powerful competition by television, which exists also in other industrial nations — notably the USA — that lies at the heart of the crisis in the European film industry.

There is clearly a direct link between the drop in box-office receipts and the showing on television of more and more films, and of increasingly recent ones. In the past 10 years, cinema audiences have shrunk by 25% in the German Federal Republic, by 70% in the United Kingdom and by 75% in Italy. In Spain the number of spectators has dropped by 30% in 15 years; the problem exists also in France, where cinemas continued to attract audiences in the 1970s but have lost ground in the 1980s: in the first half of 1987 the number of spectators dropped by 20% and some 500 cinemas out of a total of approximately 5000 have had to close down.

In the United States too cinemas lost audiences in the 1960s and 1970s but have since enjoyed a clear recovery: the number of spectators dropped from 1 200 million in 1965 to 720 million in the 1970s, due chiefly to the growth of television, but by 1986 the figure had climbed back to 1 100 million.

Comparing the numbers of cinema-goers on both sides of the Atlantic, it is clear that television is not the only explanation. In most of the 12 Member States, each inhabitant

went to the cinema at least three times a year on average in the early 1970s, in fact in Italy and Spain the figure was well in excess of five times per year. In 1985, in only one country, France, did people go slightly more than three times a year, while the majority of Europeans no longer go to the cinema more than one to three times a year on average.

In the United States on the other hand, the average was six times a year in the 1950s; television and other factors brought the figure down to three times a year in the 1960s and 1970s. But at present, the Americans go to the cinema five times a year on average, although they can watch many television channels, several of them specialized, as well as video-cassettes.

Currently cinemas in the USA, which are more numerous as a ratio of population than in Europe, attract more than 1 000 million spectators per year (almost five visits per person) whereas in Europe the total is only 700 million (barely more than two visits per person).

It is true that the figures have shown some slight recovery in the United Kingdom of late, but record figures have only been attained by films from other continents, which is a pointer to the problem of film production in Europe.

It has to be said that the extent of the decline in cinema-going varies from one Member State to another, depending on various national circumstances, the first of these being the conditions governing the competition between the cinema and other audio-visual media. To quote two extreme examples: in Italy the legislation allowing for the growth of multiple private and local television channels has in practice speeded up the decline in cinema-going; the lack of any regulations concerning the order and conditions in which full-length feature films may be shown on the television or marketed as video-cassettes, has accelerated the movement. In France on the other hand, rules protecting the exploitation of films in cinemas have delayed and reduced the drop in receipts. But the decline was resumed in 1987 due to the introduction of new television channels.

Whatever the case may be, the development of television transmission technologies — cable, satellite — and the rise in video-cassette sales have modified the terms on which films can be amortized: the other networks are gaining ground, exploitation of cinemas is declining proportionally.

However, this trend, which is very noticeable in the USA, is less so in Europe. On the other side of the Atlantic receipts from films shown in cinemas account for only 45% of global receipts; the remainder comes from other audio-visual media.

In Europe too, each film now has a successive series of 'firsts' ranging from national television channels to video-cassettes, pay-television and retransmission by cable on local networks. But films made for the cinema still derive the bulk of their income — 75 or 80% — from showing in the cinema. This means that the European film industry depends in-

creasingly on the other audio-visual media in order to be shown, although it still depends on larger or smaller cinema audiences for profitability. In these circumstances it is hardly surprising that, in the 12 Member States the film industry is only able to survive financially thanks to varying degrees of public aids.

In the United States, the new audio-visual media enable the film industry to offset the losses it incurs from showing in cinemas: in Europe that is not the case.

The problem of profitability in the European film industry is closely linked to the characteristics of production and distribution in Europe.

The situation of European film production, coproductions and new technologies

The European film industry is not lacking in directors nor actors; it produces some outstanding films, some of which achieve international renown although others remain unknown outside the borders of their country of origin. One figure is particularly revealing: 80% of the films produced in Europe *do not even leave their country of origin*. Yet it is not infrequent for Europeans to win prizes and awards in other continents, and the Berlin, Cannes and Venice film festivals — to quote only those — are famous not only outside the countries where they are held but even outside western Europe. Every year Europe produces more full-length films than the United States (almost 600 against 360 in the year 1987, but in the USA the figure is rising consistently), and this represents a larger number of films as a ratio of population.

But one look at the production sector in economic terms shows that it is in a state of crisis. In four of the 12 member countries which produce the largest number of full-length films — France, Italy, Spain and the United Kingdom — production has shrunk considerably since 1980. In the past few years the drop has been particularly noticeable: in France the number of feature films produced locally has diminished from 151 in 1985 to 134 in 1986 and to 133 in 1987; in Italy, production has been cut by half in two years, dropping from 231 films in 1985 to only 116 films in 1987; the reduction was almost as great in the UK: 45 films in 1987 against 85 two years earlier.

In the European Community countries, film production is obviously suffering from financial problems. Production is usually handled by a large number of small, purely national companies operating quite separately: in France in 1985, 815 such companies had been registered. Clearly in these circumstances European film budgets are very modest compared to those in the USA.

For a number of years some Europeans have negotiated coproduction and cofinancing agreements with partners from a neighbouring country. Quite apart from the immediate advantage of providing fresh sources of money, this system has the merit of causing directors, actors and technicians from different European countries to work together, and of

fostering the use of mostly expensive modern technologies. At present however such schemes are still limited in number. Here too the traditional obstacles preventing cooperation across the internal frontiers of the 12 Member States operate as very real barriers: prominent among these are differences of language and of national customs.

In practice the cinema industry often relies for its survival on public aids and finances. Most European Community countries provide financial support for 'their' national cinema, first and foremost for the creation and production of films.

The volume of these aids varies from one country to another. In 1985 the amounts channelled into the film industry accounted for 11.2% of public spending on culture in Italy, 10.6% in France and 3.2% in the United Kingdom. Given that State spending on culture nowhere exceeds 1% of the total, it may be estimated that national aids to the film sector amount at the very most to one thousandth of the expenditure by any Member State of the European Community. In France in 1985 the figure amounted to FF 2 000 million invested in 150 feature films.

Such aids are granted on the basis of purely national criteria which differ from country to country, and in some cases they systematically exclude professional film-makers from other countries: in order to benefit, you have to have the nationality of the country concerned and employ nationals on the project. Such practices, though helping to support national film industries, further enhance existing partitions between the 12 Member States.

On these terms, they are contrary to the Treaty of Rome and are opposed systematically by the European Commission. By now this type of aid has disappeared in most of the Community countries, but there is still a problem in Greece and in Italy.

In this respect too the situation differs greatly from one side of the Atlantic to the other, for the American film industry consists of a powerful and profitable private sector.

Nationalism and film distribution in the European Community

Distribution may be regarded as the very nucleus of the film industry. For it is up to the distributor to achieve maximum receipts for a film through the financial risk he assumes in marketing it. In that way distributors perform a strategic role.

Yet this segment of the film industry is even more subject than the rest to national barriers dividing the 12 Member States of the European Community. Distribution companies operate within national frontiers, or within linguistic areas which is often the same thing, and in all cases entails confinement within a limited zone. In these circumstances the majority of European films never go beyond the frontiers of their country of origin.

By correlation, films made by other Europeans represent only a slight proportion of the films being distributed commercially in any member country: in most Community countries even locally-produced films account for only a small share. But films from third countries, many of them American productions, account for between 35% and 65%, depending on the country concerned.

In France, where the national film industry has remained relatively strong, 456 feature films were released in cinemas in 1985: they included 27% of French films, 26% of American films and only 7% of coproductions. In the course of the same year, 6 870 films were distributed in France, 35% of them French films. In 1987, of 133 feature films produced in France, 96 were 100% French, 16 were coproductions with a French majority holding, and 3 were tripartite coproductions. On the other hand, of the 20 films having achieved the best results in France, 3 were French, against 13 in 1982. In Italy, of 116 films produced in 1987, 106 were 100% Italian and 8 were coproductions with an Italian majority holding. In the course of the same year 368 non-Italian films were distributed in the country, including 254 American films (a substantial increase), 54 French and 21 British.

Although the distribution structure in the 12 member countries does not foster the exchange of films between them, it does facilitate penetration by products from third countries, chiefly the United States. In practice, American producers devote up to 50% of their budget to marketing a film, which is not the case in Europe. In addition there is a strong presence of American film professionals in the distribution sector of western Europe. These factors all help to make national European markets more receptive to films from the United States than to those from neighbouring countries.

This is a growing source of anxiety for European film-makers, concerned as they are to find more funding and better outlets, and as a result there is growing support for the idea of European action at the distribution level.

Video: an expanding market but not devoid of problems

Together with the fundamental changes occurring in the field of television, the arrival of video-recorders in European homes constitutes one of the biggest mutations of the European audio-visual scene. It has created new markets, new technical standards and new competition, adding to the challenges already confronting the industry and the public authorities in Europe. Moreover, video is bound to undergo further changes still: the evolution likely to occur in the television landscape by the mid-1990s will cause fundamental restructuring at world level.

The breakthrough of video-recorders has been gaining pace since the early 1980s: in 1985 sales of these recorders worldwide went up by 43 %. The countries of the European Community participated in this trend, even though it was more pronounced in some Member States, e.g. the UK, than in others. In 1986, the number of video-recorders believed to have been installed in the European Community amounted to 25 million units, compared to a world total of 125 million. Naturally the rise in sales of video-recorders entails expansion of the market for video-cassettes, covering both blank cassettes intended for home recording and pre-recorded cassettes. Hire of video equipment and especially of pre-recorded cassettes also seems to be thriving.

But does this mean that all is well in this part of the audio-visual sector? The answer must be no, for the development of video in the European Community raises three types of problem: firstly that of competition by video-cassettes with cinemas and television; secondly the problem of audio-visual piracy; and lastly that of technical standards in a context of intensive international competition.

Audio-visual piracy in the countries of the European Community
(as a percentage of the national video-cassette market)

Countries	1982	1983	1984	1985	1986
Belgium					25
Denmark					5 to 10
German Federal Republic				close on 60	45
Greece					50
Spain	90				30
France					25
Ireland					30
Italy				40 to 50	40
Luxembourg					25
Netherlands			70		45
Portugal					75
United Kingdom	66	30	20	15	under 20

Source: European Commission.

Strong competition for the other audio-visual media

Video-cassettes represent very strong competition for the other audio-visual media. How many spectators prefer to buy or hire a cassette and watch it comfortably at home on their television screen rather than to go out to the cinema? In this unequal struggle video is gaining all the time: the number of films available on video-cassette is rising constantly; video is able to offer more and more recent films, and the number of video shops — both for sale and for hire — is rising all the time, particularly in areas where there is not a single cinema. In this way the video industry benefits, but the crisis of the cinema becomes more serious still.

Video competes with television in an entirely different way, since it is essentially television advertising which suffers. For if viewers watch their favourite programmes on video-recorders rather than on live television, they only record the programme itself, not the advertising which precedes or follows it. This phenomenon affects private television channels more than others, since advertising revenues are crucial to their survival. Such competition encourages these channels to broadcast more programmes live, at greater expense. In this way, the growth of the video sector may indirectly cause television producers to seek funding outside their national territory.

Audio-visual piracy

Audio-visual piracy is without any doubt the most serious handicap for the video industry in Europe and throughout the West in general. In 1986 it was estimated that illicitly copied video-cassettes were causing losses of USD 200 million per year in the countries of the European Community, USD 1 000 million in the USA and USD 200 million in Japan to American film-makers alone. In the same year, pirated video-cassettes still held a very high market share in several Community countries: 75% in Portugal, 50% in Greece, 45% in Germany and the Netherlands and 40% in Italy; in all of the 12 member countries except Denmark, pirated cassettes still had a market share considerably in excess of the 10 to 12% regarded as more or less 'acceptable' (see table). Yet in several Community countries piracy dropped sharply in the first half of the 1980s thanks to the introduction of appropriate laws and regulations and effective action by the police. In Spain, the pirates' share fell from 90% in 1982 to 30% in 1986; in the United Kingdom the figure dropped from 66% in 1982 to 15% in 1985, and in the Netherlands from 70% in 1984 to 45% in 1986 (see table). Henceforth, in several Community countries audio-visual piracy makes the culprits liable to prison sentences instead of mere fines.

Piracy is the more widespread as copies are so easily made; the usual procedure is to 'borrow' a copy of the original product, either a film or a professionally made tape, while it is being transported; a master copy is then made from which as many copies of cassettes can be obtained as one wants.

The campaign against audio-visual piracy in the European Community, even though it has recorded some successes at the national level, suffers from the fact that the internal market is still incomplete. Thanks to the principle of free circulation between Member States, cassettes — pirated copies as well as the others — are able to circulate freely from one Community country to another, but the protection of copyright and other royalties still differs from country to country, as do the various national laws against piracy.

Pirated cassettes are produced on a large scale in some parts of the Third World, notably in the Middle East, in Africa and in the Far East; in the latter area, pirated tapes account for almost the whole of the market, entailing extensive losses for the European producers.

It has been noticed also that the traffic in video-cassettes often uses the same routes as the traffic in drugs.

The problem of standards

As is the case for any evolving new technology, the development of video raises the problem of standards. When video-cassettes were first launched, non-European standards, Betamax and especially VHS, came to dominate the world market, including that of the 12 EC Member States. An attempt by a European manufacturer to introduce a European standard, V 2000, failed largely because it came too late.

The advent of high-definition television in the mid-1990s will entail modifications in video-recorders in order to allow recordings to be made from television sets of this type. European manufacturers who are proposing an HDTV standard based on the MAC-packet standard, are logically contemplating the production of video-recorders based on this standard. But the Japanese, who have already worked out their own HDTV standard, are preparing to put on the world market recorders designed in accordance with this standard. Consequently video will have a considerable bearing on the choice of an eventual global HDTV standard.

II — Hopes and first steps of a European audio-visual policy

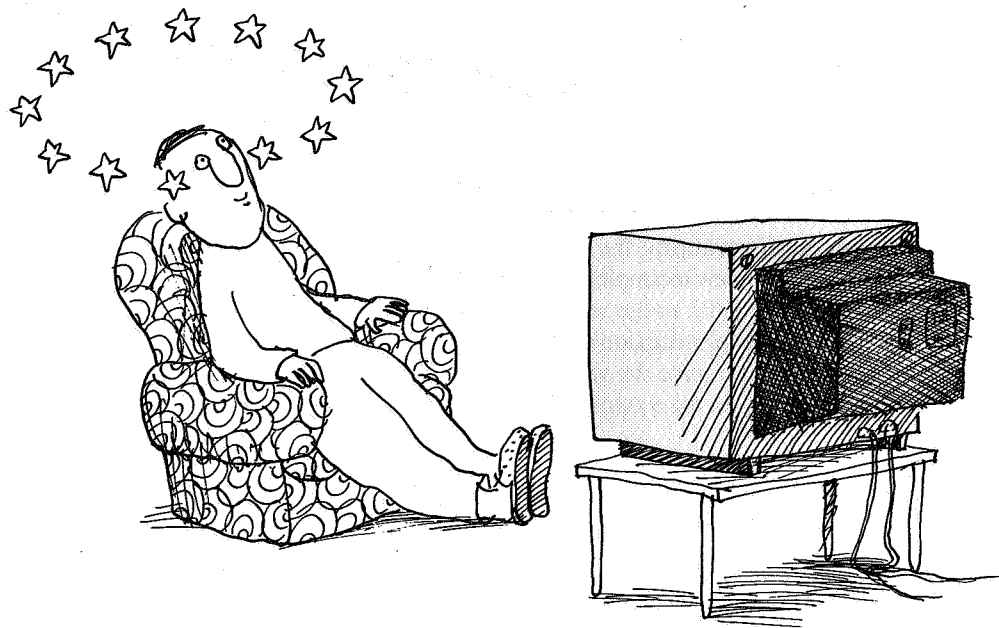
In the European Community, the audio-visual media have to meet a twofold challenge: the challenge of the new technologies, and the challenge which the Community has set for itself in naming 1992 as the year in which the internal market must be completed. As we have seen, the introduction of new techniques and initiatives by the industry itself are not enough to overcome the various obstacles in the way of progress and to develop audio-visual activity to an economically satisfactory level.

Creating the conditions needed for a thriving audio-visual sector in Europe in the latter years of the century and beyond, calls for initiatives and political decisions at the level of the European Community. Some have already been taken, such as the choice of official European standards for direct broadcasting by satellite and for the coming high-definition television; in addition there is the Media programme which, within the framework of a common audio-visual market, is designed to promote the audio-visual industry in the Community. Recently the Community has launched other action programmes of a cultural nature, notably within the framework of the European Cinema and Television Year 1988. Other decisions are expected shortly, such as the adoption by the Twelve of European regulations allowing for the transmission of television programmes without frontiers, regardless of the technique being used.

Lastly, some measures are still in the preparatory stages, e.g. a Green Paper covering copyright in the whole of the audio-visual field.

The European Commission is of the opinion that the Community should pursue a coordinated policy for the whole of the audio-visual sector, in view of the way in which different parts of the sector interact. In the Commission's view, such a policy should result in a 'European audio-visual space' without frontiers, in which producers — in the broadest meaning of the word — would be able to work on a European scale and in which consumers would have the widest possible choice, both in terms of quality and quantity. Therefore the various European measures already adopted or still in the pipeline all constitute different parts of a single whole.

This European action for the audio-visual media comprises two main types of wholly complementary measures: those designed to create a truly common audio-visual market by eliminating existing obstacles and those designed to promote the European technical and cultural content of the emerging market without frontiers. Below we describe these



two types of measures, but it is self-evident that, in the view of the European Commission, they must proceed apace. The Media programme (Measures to encourage the development of the audio-visual industry) is a good example of this, since it includes some projects in the context of the great internal market and others covering the content of audio-visual output. Similarly the projected European regulations for television without frontiers include a provision to reserve some broadcasting time for programmes of European origin.

On the way to a common market for the audio-visual sector

Like many other economic sectors in the European Community, the audio-visual industry is hampered in its development by various barriers separating the 12 Member States from each other.

These barriers fall into three main categories:

- (i) legal obstacles due to the application to cross-frontier audio-visual services of the various national laws and regulations preventing free circulation inside the Community;

- (ii) technical and legal obstacles in the guise of different standards in different Community countries;
- (iii) other obstacles not resulting from national laws or regulations, nor from technical specifications, i.e. language differences within the 12-member Community, or the nationally-based organization of professional activity in the sector, as regards film distribution in particular.

As part of the single European market to be achieved by 1992, specific barriers in the audio-visual sector must be brought down in the same way as other barriers; but they will only be removed if specific measures are taken at the European level. The measures which the European Community has prepared or adopted in this respect refer either to legal obstacles, or to technical obstacles, or to other types of barrier which need to be eliminated. The first are designed to build the audio-visual parts of the internal market structure as such; the second are designed to meet the technical requirements of the single market for 1992 and beyond; the latter look beyond standards and regulations in order to effectively open up the audio-visual sector on a European scale.

Within the framework of the 1992 single market objective, Commission President Jacques Delors has included the 'Television without frontiers' proposal among the Community's priorities for 1988.

The audio-visual sector and free circulation in the context of the single market

Among the approximately 300 measures which the European Community is due to adopt in order to complete the common market by the end of 1992, there are two relating specifically to the audio-visual media. Both cover the coordination of national legislation, one as regards radio and television advertising, the other as regards copyright in the event of simultaneous transmission of audio-visual programmes by cable.

These two measures appear together in a draft European Directive on 'Television without frontiers',¹ which has been before the Community's Council of Ministers since April 1986. In parallel, the European Commission aims to ensure that the audio-visual sector observes the provisions guaranteeing free circulation of services inscribed in the Treaty of Rome. At the same time the Commission is contemplating measures designed to fight audio-visual piracy at the level of the single market.

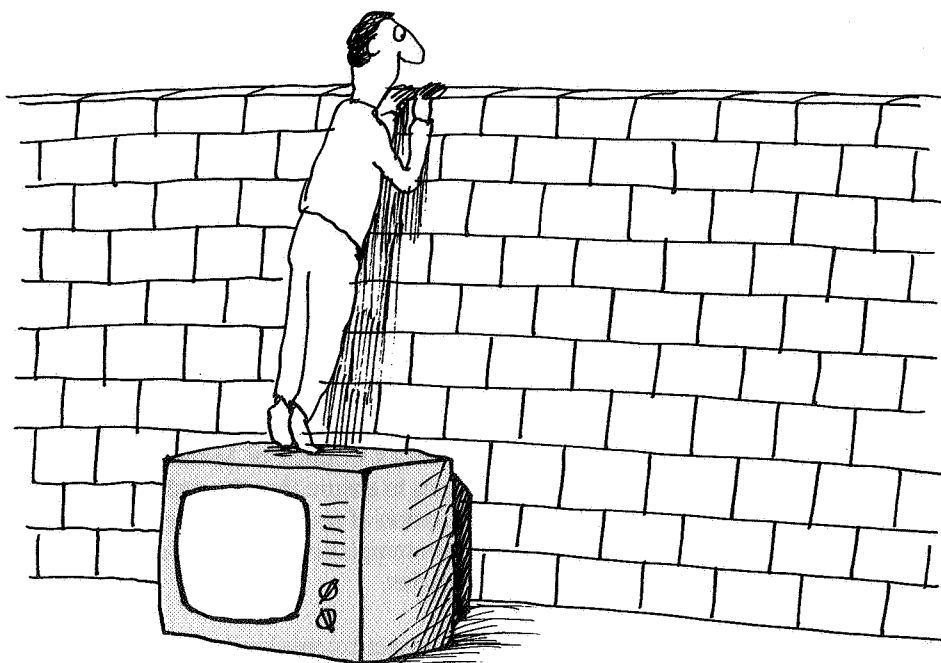
In practice the idea of a European audio-visual market emerged in June 1985, some considerable time before the European Commission launched its 1992 objective. As long ago as 12 March 1982 the European Parliament had adopted a resolution concerning television transmissions, in which it called among other things for the creation of a European

¹ COM(86) 146 of 29 April 1986.

television channel; it also asked the Commission for a report on the problem as a whole. An 'Interim report on the realities and trends of television in Europe' was issued in 1983,¹ then in 1984 the Commission published its Green Paper on 'Television without frontiers'² to present its suggestions in this respect and to spark off broad debate on the subject throughout the Community. This Green Paper was the forerunner of the proposals currently on the table.

The Green Paper analysed the problems besetting the transmission of broadcasts from one Community country to another and contemplated coordination of the relevant laws in different Member States so as to apply to the television sector the freedom of circulation written into the Treaty of Rome. At that time already the aim was to eliminate obstacles to the free transmission of programmes between Community countries, while avoiding changes in the existing regulations that were not truly necessary.

Listing the legislative areas requiring harmonization at the European level, the Green Paper mentioned advertising, sponsorship, protection of minors, the right of reply and copyright.



1 COM(83) 229 of 25 May 1983.

2 COM(84) 300 of 14 June 1984.

The draft Directive for 'Television without frontiers' stems from the thinking in the Green Paper and is part of the programme set out to complete the internal market by 1992. It aims to abolish the legal obstacles governing programme content which prevent free broadcasting of these programmes throughout the European Community.

Similarly to the arguments in the Green Paper and to the overall programme for the construction of a single European market, it is rooted in the Treaty of Rome establishing the European Economic Community. The Treaty provides for the free circulation of services, in addition to the free circulation of workers, goods and capital. Unquestionably broadcasting of television programmes constitutes a service and as such has to acquire a Community dimension.

The proposed Directive is designed essentially to create a European legal framework guaranteeing that all radio and television programmes broadcast from the Community can be received unimpeded in all 12 Member States. In order to circulate freely, the transmission must observe the framework set out in the Directive as regards the promotion of programmes of European origin, as regards advertising, copyright, the protection of children and any stricter or more detailed regulations in the same areas which the national authorities of Member States may issue concerning their respective internal transmissions; the producers of a broadcast should conform solely to the laws of the country in which the broadcast originates and which will be coordinated by the European Directive, to enable the broadcast to cross the frontiers between Member States of the Community.

In line with the Green Paper, the European Commission has made a point of proposing the minimum of regulations needed to foster the opening of frontiers, imposing minimum modifications to existing national regulations. In this respect the 'Television without frontiers' Directive takes inspiration from the principle set out by the Court of Justice of the European Communities, that any product manufactured legally in a Community country may, *a priori*, be sold in all the others without requiring special permits or inspection in the country or countries for which it is destined.

In another respect too, the Directive reflects the Commission's concern to reconcile the often divergent interests of the principal social and professional groups concerned: radio and television broadcasting organizations, programme producers, consumers — i.e. television viewers — and advertisers.

The text, which the European Commission submitted to the Council of Ministers on 6 June 1986, is still being discussed by the Council. Meanwhile favourable opinions on it have been given by the Economic and Social Committee of the Community, in July 1987, and by the European Parliament in January 1988, subject to a number of amendments. On the whole, the Commission has accepted the amendments which the Parliament suggested. Under the procedure established by the Single European Act reforming the Treaty of Rome, the European Commission then submits to the Council of Ministers an amended proposal incorporating the opinion of Parliament and the Council gives its verdict

by adopting a joint position. This is then transmitted to Parliament, after which the Council takes a final decision.

It should be noted that the European Community has incurred some delay in the establishment of 'Television without frontiers' compared to the timetable set out in the White Paper of 1985 for completion of the internal market: the latter determined that the necessary measures should be proposed in 1985 and adopted in 1987.

As regards advertising, the amended draft Directive leaves the national authorities free to authorize or to ban it in programmes broadcast from their territory; if they authorize it, they may stipulate a maximum period of broadcasting time for advertising. The Commission has accepted the suggestion of the European Parliament that, in addition to the limit of 15% per day, there should be a second limit, of 18% per individual hour of broadcasting time. But the governments of the Member States may not refuse the reception and retransmission in their country of broadcasts from another Community country if advertising does not account for more than 15% of broadcasting time per day. The text does allow individual governments to authorize an advertising ratio of over 15% in national programmes, but in that case it must also authorize advertising of more than 15% in the programmes from other Member States, in the same proportion as applies nationally.

The amended draft Directive also sets out Community standards governing the object and content of advertising in order to meet concerns such as the protection of children or the campaign against smoking and drinking. Generally speaking these standards reflect the content of regulations already in force in almost all the Community countries.

The text stipulates that advertising must be clearly separated from the rest of the programmes and that advertising must not interrupt coherent programme items, except where the interruption does not constitute unreasonable interference. The Commission proposes also that broadcast advertising should not contain any racial, religious or political discrimination: at the European Parliament's request it has added discrimination on grounds of nationality as well as any type of advertising infringing the dignity of women. Nor, according to the draft Directive, should advertising encourage behaviour prejudicial to health or safety.

The amended text bans advertising for cigarettes and other tobacco products and also regulates advertising for alcoholic beverages. Advertisers should not:

- (i) encourage children and young persons to consume alcohol;
- (ii) link the consumption of alcohol to success, health or physical performance;
- (iii) link the consumption of alcohol to driving;
- (iv) create a poor image of sobriety and abstinence;
- (v) place undue emphasis on the alcoholic content of beverages.

In order to protect minors from some of the dangers of advertising, the amended Directive orders advertisers not to directly exhort children and young persons to buy a product or encourage them to persuade their parents to do so. Not should television advertising exploit the trust children and young persons place in their parents, teachers or other persons, or unreasonably show children and young persons in dangerous situations.

In addition, the 'Television without frontiers' Directive regulates an indirect and increasingly widespread type of advertising: sponsorship. The general principle which the Commission has adopted in this matter is that undertakings shall not exert any influence on programme content. Specific rules provide that:

- (i) sponsored programmes shall be identified as such in the credit titles;
- (ii) sponsored programmes shall not refer to specific enterprises, products or services without valid reason;
- (iii) sponsored programmes shall not contain any promotion equivalent to advertising;
- (iv) there shall be no advertising before, during or after a sponsored programme if there is any link in content or presentation with the programme.

As a matter of general principle the proposal leaves Member States free to apply more detailed or stricter rules as regards advertising and sponsoring of programmes broadcast by national television stations.

As regards the protection of minors in non-advertising broadcasts, the draft Directive provides for a ban on programmes that might seriously harm the physical, mental or moral development of children and young persons, in particular those that involve pornography, gratuitous violence or incitement to race hatred.

In the same way as the rules governing advertising, this provision is aimed at allowing for the free circulation of programmes from one Community country to another: as matters stand at present the various Member States apply rules which differ in detail and, for lack of a Community regulation, they are able to ban the transmission on their territory of programmes from other Community countries, for reasons of general interest or public order. Under the Treaty of Rome such reasons are recognized as justifying exceptions to the rule of free circulation of goods and services until such a time as there is harmonization.

As with advertising, for the protection of minors the national authorities would, under the draft Directive, be free to apply more detailed or stricter rules to programmes emanating from national broadcasting channels.

As is the case for advertising also, under the 'Television without frontiers' Directive the national authorities are responsible for ensuring observance of the Community's standards and must if necessary impose penalties on national broadcasters who fail to comply.

As to copyright, the draft Directive makes proposals to regulate the retransmission by cable of programmes originating from other Community countries.

The idea is that copyright should be observed by means of contractual agreements concluded between rights owners and cable operators. Where such an agreement is not reached, the authorities of the country in which retransmission takes place are under an obligation to resolve the conflict by means of an arbitration body within a period of two years. The remuneration for holders of copyright is then determined by this national arbitration body.

The text enjoins the Member State in which retransmission takes place to ensure that the rights of copyright holders are observed and, if necessary, to apply sanctions to the cable operator retransmitting a broadcast without the authorization of the copyright holder. At the request of the European Parliament, the Commission has included in the amended proposal provision for a right of reply, which is available to any European citizen whose legitimate interests have been damaged by misrepresentation of the facts in a transmission broadcast inside the Community.

The proposal for 'Television without frontiers' also includes provisions designed to reserve a substantial share of broadcasting time for programmes originating in the Community. These are aimed both at achieving the 1992 objective and at promoting competitiveness in the European audio-visual sector.

The text earmarks 60% of total broadcasting time to works of Community origin, excluding news, sport, games and advertising; the percentage must be achieved gradually within the three years following application of the Directive.

These measures for the achievement of 'Television without frontiers' will be twofold. On the one hand they fix European production quotas at the overall Community level, even though national regulations of this type already exist or are under consideration in some member countries, France and Italy in particular. Although the existence of different national regulations on this point cannot impede the free circulation of programmes, they may provoke distortions in the competition between one Community country and another. In this way the proposal will foster harmonization.

At the same time the measures are designed to promote exchanges of programmes between Community countries: in order to fill their 'Community quota' the broadcasters of Member States will no longer be able to rely solely on nationally-produced programmes and will have to allocate to programmes from other Member States a substantial rather than a purely marginal place, as is often the case at present. In this way the European Commission aims to make the common market for programmes more than a purely theoretical concept.

Technical requirements of the single market

The birth of a single European audio-visual market worthy of the name implies not only the removal of purely legal obstacles but also the application by the Twelve of common technical standards. In this respect European industry has a key role to play, but nothing systematic can be attempted without political decision-making in the framework of the European Community: an EC measure commits every Member State, whereas an initiative by manufacturers often gains the support only of the government of the country in which they are based.

Concretely the European Commission was concerned to ensure that the application of new audio-visual techniques in the 12-member Community takes place in a coordinated fashion, without creating any new national barriers. In this context the Commission secured the adoption by the Council of Ministers, at the end of 1986, of a Directive introducing within the Community the MAC-packet family of standards for direct broadcasting by satellite; moreover, since the mid-1980s the Commission has been striving for the adoption in the Community, and in a global world context, of European production and transmission standards for HDTV. Lastly, given the enormous efforts and investments required for the technical formulation of a European standard, the European Commission provides and organizes financial support for the development of European technical research within the framework of the RACE and Eureka programmes. The European Investment Bank (EIB) may also provide support for the development of new audio-visual media technologies.

On 3 November 1986, by adopting the Directive which the European Commission had proposed ten months earlier,¹ the Twelve committed themselves to using technical systems derived from the MAC-packet family of European standards, both for direct broadcasting of television programmes by satellite and for their onward transmission on cable networks. By 1 January 1987 the national authorities of the Twelve were due to have taken all necessary measures and the Directive should apply until 1991, i.e. throughout the life span of the present technologies for transmission by satellite.

With the approval of this Directive, the European Community was able to prevent the emergence, during the development of direct broadcasting by satellite, of incompatible standards comparable to the PAL and Secam standards which beset the introduction of colour television in Europe. That explains why the European Commission submitted its text to the Ministers of the Twelve at the beginning of 1986, when the launch of Europe's first direct broadcasting satellite was planned for the end of the year. In actual fact the launch took place a year later, but in any case the Directive was approved in time.

The MAC-packet family of standards was developed by European manufacturers in agreement with the European Broadcasting Union (EBU). It includes several transmis-

¹ COM(86) 1 of 22 January 1986.

sion systems of the MAC type (multiplexed analogue components) which are all mutually compatible. They are analogue systems by contrast with the future — wholly computerized — digital transmission system of high-definition television in the 1990s. But they allow for a substantial improvement in picture and sound quality while leaving future scope for the transmission of a single programme in several languages.

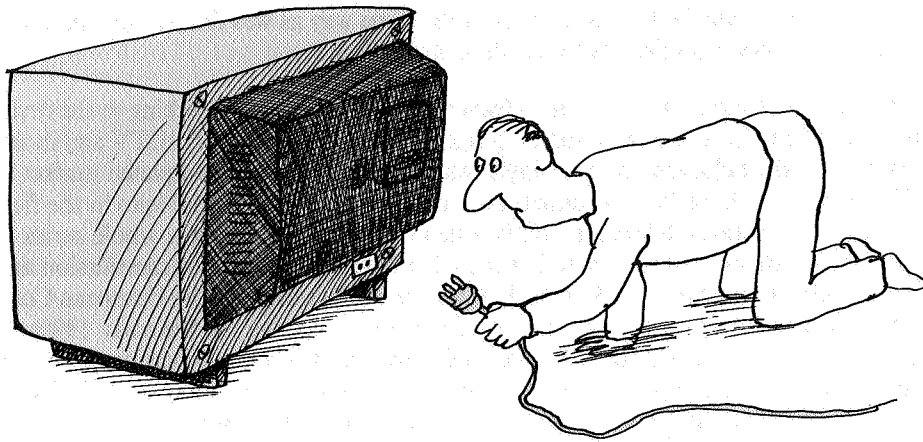
The introduction of the MAC family will not oblige consumers to purchase either a new television set or video-recorder immediately; although the Directive provides for immediate and exclusive use of MAC-packet standards for direct broadcasting by satellite, it allows for transitional use of the earlier standards for redistribution of satellite programmes by cable networks. At the same time the new European standards make provision for onward progress towards high-definition television systems; consequently they will be able to meet the needs of professionals and consumers alike for some considerable period.

The MAC-packet family consists of three types of standard:

- (i) C-MAC is the top of the range; it combines the transmission of high-quality pictures on a single channel with eight channels which can be used for sound; in this way a single programme can be transmitted in eight languages;
- (ii) D-MAC is a version of C-MAC adapted to the relatively limited transmission capacity of the cable networks in existence at the time the new standards were being developed; even so it offers the same number of sound channels;
- (iii) D2-MAC constitutes an adjustment of the system to cable networks with a still more limited capacity — which were the majority at the time the Directive was being prepared; it only provides four channels for sound, one for vision.

The Directive sets out a special procedure designed to adapt the MAC-packet standard to future technical progress; the Community will, for example, be able to use it when the time comes to adapt existing systems to the requirements of high-definition television. This adaptation will be tackled by a special committee consisting of representatives from each Member State and one representative of the Commission.

High-definition television affects the European Community in another way. The prospect of high-quality television, both as regards the sound and as regards the picture (see Part I) by the year 1995 or even sooner, necessitates the choice of a standard which, when the time comes, will apply to all television transmissions, whichever broadcasting method is used; this standard will also have to be adopted for video-recorders capable of recording these high-definition broadcasts. HDTV will revolutionize television in the same way as compact discs have transformed the world of sound; at all events it will constitute a global upheaval. The European Commission therefore is anxious not only that the Community should adopt a single HDTV standard but also that the European standard should make its impact on the world market.



That is the reason why the European Commission is acting both to support the development of a European standard and of the technical process on which it is based, and to defend the said standard in international official organizations.

In the world contest for HDTV, the Japanese made a head start. Japanese industry and the Japanese television company NHK have developed standards called 'Hivision' for the production of high-definition transmissions (NHK) and a transmission standard (MUSE) in collaboration with the American firm CBS. These standards, which the Japanese plan to apply also to video-recorders, have a drawback in that they are wholly incompatible with existing television processes and with feature films made using the traditional technology.

European industry for its part has developed an HDTV process which is compatible with present technologies and products. In this context the European Commission, acting on behalf of the Community, aims to ensure that the relevant international body, the International Radio Consultative Committee (CCIR) does not adopt the Japanese standard as the world reference standard before the European standard has been able to prove itself. At the CCIR meeting in Dubrovnik (Yugoslavia) in May 1986, the European Commission secured an undertaking that no standard should be chosen as yet at the world level and that the decision should be postponed until October 1988. After that date the International Telecommunications Union (ITU) will be free to adopt a world standard for HDTV. Meanwhile the CCIR held another meeting at Geneva in November 1987, when it officially recognized the European MAC-packet standards as standards capable of being used in HDTV in the future. At the same time the European Commission proposed to the Japanese authorities that a mixed EC/Japanese working party be formed in order

to prepare a single world standard, rather in the same way as was done at the manufacturing level for compact discs between Philips and Sony.

At the same time the Commission is endeavouring to give concrete backing to the development of technologies underpinning a single European standard for HDTV and its implications for the achievement of a single internal market. In the completed market of 1992 and in the light of the new outlets provided by spearhead technologies in the field of telecommunications, television will be one of the components of a whole series of telecommunications services, including the telephone, videotex, data transmission and other facilities. In the framework of the RACE research programme, the European Community extends financial support to projects capable of leading, by the early 1990s, to the creation of a single, wholly computerized European telecommunications network, equipped with the all-important broadband capacity. One of the aims of RACE is to technically integrate high-definition television in this future network.

In a more directly operational sense, the Commission is also taking part in the European intergovernmental programme Eureka, set up by the European manufacturers concerned; its aim is to finalize and perfect the European HDTV process based on the MAC-packet standards.

Financial backing by the European Community is provided also through loans from the European Investment Bank (EIB) for the further development of technical processes allowing for effective exploitation of the European market. In June 1986, the EIB granted a loan of 75 million ECU to the West European satellite telecommunications organization Eutelsat. These funds were intended for the development of communications satellites of the second generation; due to be launched from 1989 onwards, these satellites will replace those placed in orbit in the first half of the 1980s. They can relay television transmissions to cable networks or to other communities, together with other telecommunications services corresponding to the evolving needs of the European Community.

The need to overcome linguistic obstacles and national customs

For the audio-visual sector in Europe, the opening of frontiers by the removal of legal and technical obstacles would have made no sense if professionals working in the sector had to continue as before, i.e. working mainly in a national framework. If the internal audio-visual market is to become a tangible reality, there must be an end to the partitioning of Europe on grounds of language, and the organization of the audio-visual professions and markets must no longer be limited by national frontiers.

In its Media programme (Measures to encourage the development of the audio-visual industry), the European Commission listed three types of action to meet these aims:

- (i) financial support for the dubbing and subtitling of films;
- (ii) creation of a European distribution system for audio-visual products;

- (iii) creation of a European structure to promote the efforts of independent film and programme makers.

The development of dubbing and subtitling and of multilingualism generally is, in the Commission's view, an essential step capable of fostering the circulation of films throughout the 12 Member States. To this end the Media programme sets out specific action to be taken for television on the one hand and for the cinema on the other hand.

For television, one of the first Media projects allowed for the creation of a European Fund for multilingualism in the audio-visual media. The Fund was set up on 21 January 1988 as an association between the Media programme, the European Broadcasting Union (EBU) and the European Alliance for Television and Culture. It is designed to provide financial support for dubbing and subtitling, for multilingual audio-visual productions, for technical research and for professional training in the audio-visual field.

The European Fund for multilingualism in the audio-visual media will provide help for a relatively limited number of projects — about a dozen in 1988 — in accordance with criteria which it has itself determined. For example, the Fund supports works due to be broadcast by a radio/television station and gives preference to specific types of projects:

- (i) those in lesser known languages;
- (ii) works of fiction, in particular those intended for young people — including animated cartoons;
- (iii) experimental news broadcasts in several languages;
- (iv) 'pilot' series.

For the cinema, the Commission is considering a specific aid system for dubbing and subtitling, within the framework of Media.

As to the creation of a European film distribution system, this is covered by another of the first five Media projects. It aims to create a type of European cooperative for the distribution of low-budget films, i.e. those costing less than 2.5 million ECU. These films rank first in the European film production sector as far as their number is concerned, and often also for their originality. The Media project for a cooperative constitutes the first attempt to set up a European film distribution system. The cooperative would administer a budget of advance payments on revenue, funded initially by the European Commission and afterwards by national organizations and repayments of the advances granted. Films benefiting from this system would be films originating in the Community, for which three distributors from different Community countries would submit a distribution scheme, first in cinemas and then by video and television. The cooperative would advance no more than 50% of distribution costs, distributors having to bear the remaining costs.

The Media programme complements the scheme with two further provisions:

- (i) a clearing-house for copyright and kindred rights, to operate by means of a European data bank containing all useful information concerning film production, distribution and broadcasting circuits as well as the rights concerned;
- (ii) the creation of a European structure to promote independent creation — for the cinema, television and video. This is the aim of another Media project set up by Euro-Aim, the European organization for an independent audio-visual market. In a first stage this project will allow for group participation by 200 independent producers in trade shows.

What future for the audio-visual media in a Europe without frontiers?

Although the construction of a great market without frontiers represents a top priority for the European Community — in the audio-visual as in all other sectors of the economy — the technical and cultural content of audio-visual products has not been forgotten. It is the aim of the principal Community institutions — the Commission, the Council of Ministers and the European Parliament — to ensure that in 1992 the common market in audio-visual products has a living and dynamic European substance, both from the economic and the cultural point of view. The European Commission has already proposed, launched or supported various measures and initiatives covering the production and promotion of European audio-visual products. These actions and projects should be seen as complementary to the construction of the internal market since they are aimed at including the creators, manufacturers and activities of the audio-visual sector in the new frontier-free Community. These actions are designed either to make the audio-visual industry more competitive, or to give a specifically European character to the sector's cultural dimension.

For a more competitive European industry

The European audio-visual industry will not be able, by itself, spontaneously and at the right moment, to respond satisfactorily to the challenges emanating simultaneously from technological upheaval, extra-European competition and the prospect of the single market without frontiers. In view of this, the Commission has proposed measures designed to give the Community industry a helping hand, ranging from the Community quota proposed in the draft Directive on 'Television without frontiers' to specific projects to foster production and funding in the framework of the Media programme.



The television studio of the Commission of the European Communities in Brussels.

The draft Directive on 'Television without frontiers' is designed specifically, not only to allow for free circulation of programmes from one Community country to another within the framework of the internal market, but also to promote European production and employment in the sector, and to help audio-visual enterprises adjust to the strong growth in demand resulting from technological developments. The system of Community quotas — the provision that 30% and then 60% of specified broadcasting time should be devoted to Community products so as to foster the circulation of these programmes throughout the Europe of the Twelve — reflects a similar concern. News, sport, games and advertising have been left out of the reference broadcasting time because the proposed Directive aims to support the most creative productions as well as those creating the most jobs, i.e. mainly works of fiction.

Additionally, the Directive enjoins Member States of the Community to ensure that their television stations earmark 5% and, after the Directive has been in force for three years, 10% of their programming budget to new Community works by independent producers. In practice these two provisions aim to ensure consistent outlets for Community productions in other Member States than their country of origin, in order to improve amortization and, therefore, profitability and to foster the maintenance and creation of indepen-

dent production companies which, at present, are hindered by the near-monopoly of in-house producers at television stations in most of the Community countries.

The 'Television without frontiers' proposal regards the following as Community productions: those originating in a single member country, coproductions between two or more Community countries, and coproductions between Member States and third countries if the share of the former amounts to at least 70 % of the total production budget.

For its part, the European Parliament wants to introduce quotas for the other non-Communist countries of Europe which are members of the Council of Europe, subject to their granting reciprocity to the Community.

The promotion of European audio-visual production, by the introduction of new technologies in particular, is a major theme of the Media programme. Three of the programme's first 10 pilot schemes, currently in preparation, are concerned with the production side. One is designed to facilitate the introduction of new technologies in audio-visual production; another covers the creation of scenarios for works of fiction; and the third is about the audio-visual development of less-favoured regions of the Community.

The introduction of new technologies hinges on growing use of computer graphics, i.e. the production of images and films by computer, which is developing swiftly. The scheme provides both for the training of professionals by means of European exchanges and for research and development of software for use by the industry in Europe.

For the area in which the use of computer graphics is the most widespread, animated cartoons, the Media programme has contributed to the creation of a European association for animated films, which includes professionals from the 12 Member States. Media has also helped to set up an 'investment club' for new technology applied to the audio-visual media, which consists of banks and industrial companies.

Images created by computer are covered also by an intergovernmental programme of non-Communist Europe, Eureka, which includes a specific project on the subject, called Cerise.

At the same time the project for the introduction of new technologies includes, as a promotion exercise, the organization of the first television production using the European MAC standard for HDTV. This scheme will be funded jointly by Media and one of the Eureka projects.

The second Media project covering audio-visual production aims to introduce new techniques in the production of television series, a field in which the Europeans have to face particularly strong competition. The Media programme provides for two types of action: on the one hand reorganization of production methods by the use of new techniques and by the rationalization of certain operations, post-production in particular; on

the other hand the development of new ways of writing scenarios, such as collective writing, training for authors and script-writers and promotion of the creation of television series by means of prizes and scholarships. These actions are being undertaken as pilot schemes.

In addition, about a hundred professionals are working out a scheme to support the preparation of scenarios for European television; this is designed chiefly to help independent writers and producers.

The third Media project for production is designed to foster audio-visual development of the less-favoured regions of the European Community; pursued in harness with the Directorate-General for Regional Policy of the European Commission, it is coordinated by the private British television station Channel 4.

As to audio-visual funding, this is covered by another section of the Media programme designed to set up a European financing system. Media has already contributed to the creation of the Group of Financiers of the Cinema and Audiovisual Media (Gefca) set up by four credit institutions from three Community countries: the 'film credit' arm of the Banca nazionale del lavoro in Rome; the Institut pour le financement du cinéma et des industries culturelles of Paris; the Union financière pour le cinéma et l'audiovisuel of Paris, and the Instituto de Crédito Industrial of Madrid.

At the same time the European Commission has commissioned studies concerning the harmonization of tax systems and new methods of financing the audio-visual sector; one suggestion is that a venture capital fund should be established. These studies are coordinated by the European Association of Audio-visual Producers in liaison with Gefca.

Towards a European cultural dimension for the audio-visual media

By reason of its content the audio-visual sector has a cultural dimension which the European Community intends to promote in the same way as it is promoting the technical and economic aspects. The Ministers for Culture of the Twelve acknowledged this at their meeting of 10 and 11 December 1987, when they stated that the audio-visual media must be one of the top priorities of a European cultural policy; this policy is taking shape as part of the concept of a 'people's Europe' and under pressure from the requirements of the single market without frontiers.

In addition to the measures already set out in the 'Television without frontiers' Directive — and which have a cultural impact too — the European Commission has proposed specific measures to foster professional training for the audio-visual media within the framework of Media, as well as in its discussion paper on the stimulation of cultural action in the European Community.¹ Moreover, to coincide with European Cinema and

¹ COM(87) 603.

Television Year 1988, the Commission and other European bodies are making every effort to launch initiatives to foster ongoing promotion of audio-visual creation in the European Community.

As regards professional training for the audio-visual media, the Commission aims to promote both the quality of audio-visual productions and their European dimension, thus associating them with the thrust towards 1992.

In this connection the Media programme includes three projects, covering respectively:

- (i) the writing of scenarios;
- (ii) the commercial, economic and technical aspects of management in the audio-visual sector;
- (iii) new techniques, laying particular stress on the need for contact between artistic creators and engineers as well as on transfers of technology from the more advanced to the less developed of the Community countries.

Moreover, for the benefit of radio and television journalists and programmers, the Commission plans to encourage exchanges between European countries in cooperation with trade organizations and the authorities of the media concerned; it also plans to help schools of journalism and professional circles to provide European training for newly or recently recruited journalists and programmers. The Commission is considering a scholarship scheme for periods of part-time training.

For the image and sound crafts, the Commission proposes the creation of a network of European cooperation between specialized schools so as to develop the teaching of these skills while enhancing the European dimension. Here too the Commission is considering a system of scholarships for exchanges of students and teachers.

In the longer term, the Commission plans the creation of a European university network for cultural education incorporating also the teaching of audio-visual crafts.

European Cinema and Television Year 1988¹ has not only provided an interesting programme of events, but has also given the Commission an opportunity to secure progress towards an audio-visual Europe. That is why it has fostered, launched or followed schemes such as that for an academy and a European audio-visual charter, for the creation of the European Film Prize and for the production of programmes for high-definition television.

The idea of a European Academy of Film and the Audio-visual Arts is inspired by the example of the National Academy in the United States: it aims to give a European dimen-

¹ In which all the countries of non-Communist Europe are taking part.

sion to the audio-visual professions by the award of annual prizes and a regular programme of activities. The project is still at the study stage.

Within the framework of European Cinema and Television Year, the European Federation of Audio-visual Directors (FERA) has had a European audio-visual charter drawn up, in the form of a declaration setting out the freedoms and independence which creators in the sector must enjoy in the face of extra-European competition and in the face of budgetary and other constraints imposed by the television channels.

As far as high-definition television is concerned, the Commission, acting in consultation with all the professionals, aims to promote the production of European television programmes made in accordance with the European HDTV standards; these programmes should be ready at the same time as the necessary HDTV broadcasting and receiving equipment.

As is the case for other European initiatives in the field of HDTV, the aim is to demonstrate the qualities of the European system without delay, bearing in mind that global time-limits have been fixed for the choice between the Japanese and the European standards.

Lastly, European Cinema and Television Year saw the launch of a European Film Prize, which was awarded in Berlin as the European City of Culture for 1988. This Prize, which is intended to promote the European cinema, particularly works by young professionals, is to be awarded annually.

Conclusion: the audio-visual media and the European identity

In the Community countries, audio-visual matters are increasingly becoming a European issue. As we have seen, Europeans have gone into action already to build an audio-visual sector on the scale of their continent, in the technical, legal, economic and cultural fields.

It is clear that among those concerned there is growing awareness of what is at stake for the Community. In this respect the conference held in Florence in March 1987, 'Europe in mutation — the cultural challenge' acted as a catalyst, stimulating debate at the European level between all parties concerned: industrialists, political leaders, scientists and creators. The conference demonstrated the linkage existing between different areas of the audio-visual sector, and indeed between all 'cultural industries': research and technology, artistic creation, production, economic constraints, the legal framework, commercial circuits, exchanges and the organization of the various crafts.

Florence demonstrated also that the European dimension was capable of making a significant contribution to the audio-visual sector in the Community countries and that,

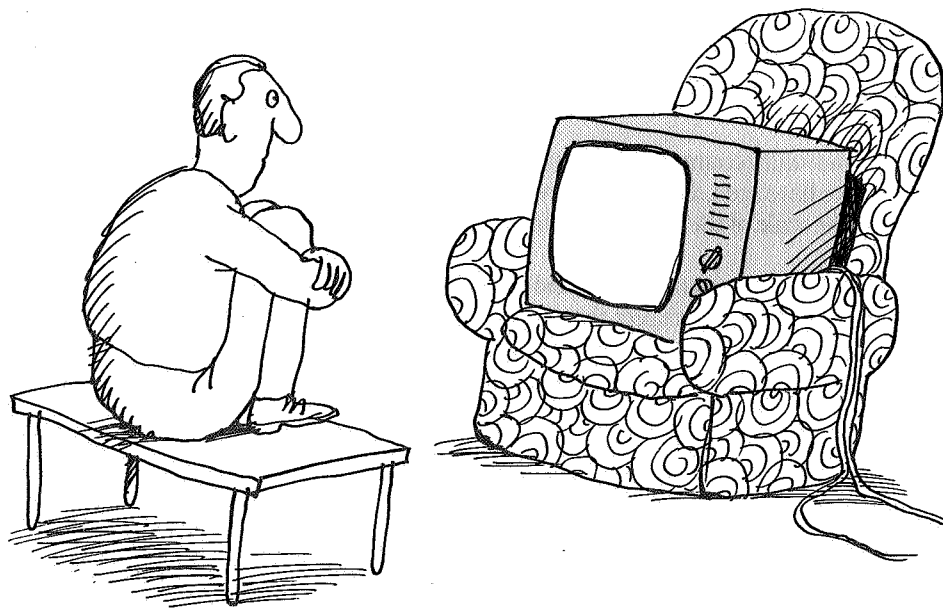
by the same token, the preservation of national barriers, the 'non-Europe', in this sector would lead not only to the loss of markets, profits and jobs: it would mean also that the images which inform or inspire European audiences, and which often constitute their models or references, would be devised and selected elsewhere, using criteria which are not shared by the Europeans.

Florence clearly encouraged the governments of the Twelve to acknowledge the need for a European cultural policy, with the audio-visual media as a key factor.

But a considerable period may elapse between the emergence of awareness and the actual political decision-making. Although European initiatives have been launched on all the audio-visual fronts, they have not all reached the same stage of development.

Yet there is a need for speed in the construction of an audio-visual Europe: the 1992 deadline is approaching; technology is progressing swiftly, and extra-European competition is keeping up the pressure.

An audio-visual Europe without frontiers is within reach. If the Twelve complete it without delay, it will help to give the single market of 1992 its cultural dimension, and it will strengthen the Europeans' sense of belonging to one and the same Community.



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